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EXTRAORDINARY

PART I—Section I

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MINISTRY OF COMMERCE & CONSUMER INDUSTRIES

NOTIFICATION

New Delhi, the 26th October 1956

No. 40. Export-(10) 56.—The following bye-laws made by the Central India Cotton Association Ltd., Indore, with the previous approval of the Central Government are hereby published.

1. **Definitions.**—In these Bye-laws unless there be something in the subject matter or context inconsistent therewith—

- (1) "Association" means the Central India Cotton Association Ltd
- (2) "Articles" means the Articles of Association of the Association and includes any modification or alteration thereof for the time being in force.
- (3) "Board" means the Board of Directors of the Central India Cotton Association Ltd. acting through at least a quorum of their number at a meeting of the Board duly convened and constituted.
- (4) "Directors" means the Directors of the Association for the time being.
- (5) "General Body" means members present at any Ordinary General or Extraordinary General Meeting of the Association—and acting through its quorum.
- (6) "President" means the President elected or appointed in accordance with the provisions of the Articles of Association and in his absence the Vice-President and includes the acting President for the time being.
- (7) "Bye-Laws" means the Bye-laws of the Association and includes any modification or alteration thereof made by the competent authority.
- (8) "Secretary" means the Secretary of the Association for the time being and includes an officiating Secretary, a Deputy Secretary, and Assistant Secretary and an officiating Deputy or Assistant Secretary.
- (9) "Ring" means a centre for trade with a membership of not less than 50 members working under the auspices of the Association in cotton and/or cottonseed or any other commodity, as approved by the Forward Markets Commission from time to time.
- (10) "Local Committee" means a committee for any particular ring appointed and/or elected in accordance with the Articles.
- (11) "Members of Local Committee" means members or the authorised representatives of members elected and/or appointed for the time being on the Local Committee.
- (12) "Chairman" means the Chairman of the Local Committee for the time being and includes its Vice-Chairman or its Acting Chairman.
- (13) "Authorised Representative or Authorised Representative of a Member" means a person registered as such under Article 22.

- (14) "Clearing House" means the premises at each ring where and the system by which the claims and liabilities of members to each other in respect of cotton and/or cottonseed business and their liabilities to the Association are received, adjusted and paid.
- (15) "The Clearing House Committee" means the Committee appointed by the Board for the time being for the management of the Clearing House and for giving decisions, subject to a right of appeal to the Board, on disputes arising out of the working of the Clearing House.
- (16) "Clearing House Superintendent" means an officer of the Association whom the Board may for the time being appoint to act in the capacity so designated.
- (17) "Settlement Rate" means the rate fixed by the Board or a Sub-Committee appointed by the Board for the purpose of payment between members, of differences (or dues) pertaining to transactions.
- (18) "Settlement Day" means the day fixed by the Board for members to submit their Balance Sheets, Vouchers and Statements of Transactions to the Clearing House.
- (19) "Payment Day" means the day fixed by the Board on which members, according to their Balance Sheets or Vouchers, have to pay amounts due into or receive through the prescribed Bank on Clearing House Account.
- (20) "Delivery Month" or "Delivery Period" means the month or the period during which the goods are tendered in terms of the contract in fulfillment of forward transactions in cotton and/or cottonseed.
- (21) "Due Date" means the latest day for delivery according to the terms of the contract and in respect of Hedge Contract it is the latest day of the Delivery period. A due date which would otherwise fall on a holiday or a non-working day or days of the Association shall in every case be deemed and taken to be the immediately preceding working day.
- (22) "Due Date Rate" means the rate fixed by the Board for the Due Date in respect of Hedge Contract.
- (23) "Forward Market Rate" means the rate for forward transactions in cotton/or cottonseed, as the case may be, fixed on each trading day by a panel of Daily Rates Committee appointed by the Board at each Ring.
- (24) "Spot Rate" ordinarily means the market rate of the day for ready cotton or cottonseed as the case may be fixed by competent authorities as per these Bye-laws.
- (25) "A Full Pressed Bale" means a bale of cotton covered with hessian, bound with hoops and pressed to a density of not less than 30 lbs. per cubic ft. or bound with such other binding as may be prescribed or permitted from time to time by the Board, and pressed to such a density as may be prescribed by the Board.
- (26) "A Burst Bale" means a bale of cotton which has had more than one hoop opened if it is bound with three or more hoops and which has had one hoop opened if it is bound with less than three hoops; provided that the Board shall have power from time to time to define a burst bale in the case of a bale bound otherwise than with hoops, the tender of which with such other binding is permissible, but does not include a bale which has been opened outright. A bale is considered opened outright when all the hoops or such other bindings have been burst; a repressed bale is a burst bale which has been fully repressed. A bale repaired by hand should be described as a repaired bale.

*Explanation:—*The word "hoop" includes rope when rope binding is prescribed or permitted by the Board under these Bye-laws.

- (27) "Maund" means a maund of 82.2/7 lbs.
- (28) "Mani" means a mani of 6 maunds.
- (29) "Candy" means a candy of 784 lbs.
- (30) "Working Day" means a day on which all transactions, matters and things authorised by these bye-laws (including the sale and purchase of cotton and/or cottonseed) are permitted.
- (31) "Non-Working Day" means a day other than a working day.
- (32) "Trading Day" means a day on which the sale or purchase of hedge contracts is permitted.

- (33) "Hours" refer to Indian Standard time.
- (34) "Trading Hours" are the hours during which forward business in cotton and/or cottonseed is permitted by the Local Committee or the Board from time to time.
- (35) "Hedge Contract" means the contract described in bye-law 57 in respect of cotton and Bye-law 61 in respect of cottonseed which is a forward contract other than a non-transferable specific delivery contract as defined in the Forward Contracts (Regulation) Act, 1952.
- (36) "Ready Delivery Contract" means a contract which provides for the delivery of goods and the payment of a price therefor, either immediately or within such period not exceeding eleven days after the date of the contract and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in respect of any goods, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise.
- (37) "Delivery Contract" means a non-transferable specific delivery contract as defined in the Forward Contracts (Regulation) Act, 1952, namely, a specific delivery contract, the rights or liabilities under which or under any delivery order, railway receipt, warehouse receipt or any other document of title relating thereto are not transferable.
- (38) "False or Fraudulent packing" means a packing of a bale of cotton: -
- (i) In such a manner as to contain in different parts of the bale, cotton of different growths or varieties or cotton of materially different staples or cotton of different crops;
- or
- (ii) in such a manner as to contain in any part of the bale any bye-product such as waste, fly, or other bye-products of a cotton mill available after raw cotton is passed through the blow room;
- or
- (iii) in such a manner as to contain in any part of the bale any concealed substance other than raw cotton;
- or
- (iv) in such a manner as to contain interiorly cotton decidedly inferior to that upon the exterior and not readily detectable on the customary examination;
- Provided that as regards each and all of clauses (i), (ii), (iii), and (iv) above, the packing complained of is such as materially reduces the value of the bale and/or appears to have been done deliberately;
- Provided also that when samples drawn from the top and bottom sides and middle of the bale show a difference of more than two grades or a difference in colour exceeding two grades in value such bale shall be considered to be false-packed.
- (39) "Member" for the purposes of these Bye-laws means an individual, firm, Hindu Joint Family or Company duly elected to Membership of the Association under the Articles
- (40) "Sub-Member" means an individual whose application on the prescribed form agreeing to abide by the Constitution and Bye-laws of the Association for the time being in force has been approved by the Board under the Articles.
- (41) "Notice Board" means each and all of the Notice Boards of the Association in the premises occupied by Association and in such other premises or places as the Board or the Local Committee may notify from time to time.
- (42) "Notice" means an intimation in writing.
- (43) "Official Year" means the Vikram Samvat Year commencing from Kartik Sudi 1.
- (44) "Month" means the Calendar Month of the Vikram Samvat Year.
- (45) "Place of Business" means an office where in the opinion of the Board a Member or his authorised representative carries on a *bona fide* business in cotton and/or cottonseed.
- (46) "The Office" means the Registered Office for the time being of the Association and the Local Committees.

- (47) "Public Holiday" means a Sunday or any other day declared by the Government to be a Public Holiday.
- (48) "Buying on Account" means buying actual ready cotton or cottonseed as the case may be on account of the seller who has either failed to tender or whose tender has been rejected or is deemed to have been rejected in which case the buyer shall pay to or receive from the seller the difference, if any, between the rate he thus actually pays for such ready cotton or cottonseed and
- (a) if a tender has been made, the rate in the delivery order; or
 - (b) if no tender has been made the settlement rate or the contract rate, whichever is later in date, after adjusting mutual allowances according to these bye-laws.
- (49) "Closing out the Contract" means that when a seller instead of selling on account of the buyer, accepts the spot rate of cotton or cottonseed as the case may be for the appropriate day and pays or receives, as the case may be the difference between such spot rate and the contract rate or the last settlement rate, whichever is later in date after adjusting mutual allowances according to these bye-laws.
- (50) "Godown" means a structure having a pitched roof and continuous external walls and includes any other structure approved in this behalf by the Board.
- (51) The expression to "Invoice Back" means that when a tender is rejected by the buyer he, instead of buying on account of the seller, accepts the spot rate of cotton or cottonseed as the case may be of the day and pays or receives, as the case may be the difference between the spot rate and the rate given in the Delivery Order; when no tender is made the buyer instead of buying on account pays or receives, as the case may be, the difference between the spot rate for the appropriate day and the contract rate or the last settlement rate whichever is later in date.
- (52) "Classes or Grades of Cotton" include Extra Superfine, Superfine, Fine, Fully Good to fine, Fully Good, Good to Fully Good, Good, Fully Good, Fair to Good and Fully Good Fair.
- (53) "Goods" means cotton or cottonseed as the case may be.
- (54) "Local Delivery" means delivery of goods against a Hedge Contract at the place where the contract is or is deemed to have been entered into according to Bye-law 52.
- (55) "Mofussil Delivery" means delivery of goods against a Hedge Contract at a place other than that where the contract is or is deemed to have been entered into according to Bye-law 52.
- (56) "Bale" means a bale of 392 lbs.

MEMBERSHIP

2. Who can be Members.—(1) Every individual, firm, Joint Hindu Family or a Company having a place of business in India and actually carrying on or *bona fide* intending to carry on business in cotton and /or cottonseed desirous of becoming a member of the Association shall sign and submit an application in the form prescribed by the Board from time to time along with the requisite amount of deposit, admission fee and annual subscription to the Secretary of the Association.

(2) *Procedure to enrol member*—On receipt of such application the same shall be placed before the Board and thereupon the Secretary shall cause the name of the applicant to be posted on the Notice Board seven days before the election by the Board so that any member may sign on the Board and any objection against the applicant which would disqualify him from becoming a member.

(3) After the expiration of seven days and after considering objection, if any, received as mentioned in the preceding clause the candidate shall be ballotted for by the Board for such period being not less than fifteen days with right to extend the period and during such time and in such manner as they determine. The ballot shall be held in the office of the Association. The candidate shall not be elected unless at least two-third of the Directors for the time being have voted and three-fourth of the votes cast are in favour of his election. A rejected candidate shall not be proposed for election till the expiry of 12 months from the date of rejection.

3 When to pay annual subscription.—The annual subscription of Rs. 150 per Vikram Samvat Year shall be paid in advance by the members in the office of the Association or the Local Committee as may be determined by the Board from time to time before the Sudi 15th Kartik. If any member fails to pay the amount of subscription within the period mentioned above, then a notice will be given to such member to pay the amount of subscription within fifteen days after the date of notice. If the member fails to pay the amount before the last date of such notice then the Board shall have the power to expel him from the membership and his name shall be struck off the Register of Members accordingly.

4 Member to notify change in its constitution.—The members shall forthwith intimate to the Association as well as to the Local Committee concerned any changes in the constitution of the Company, Partnership or the Joint Hindu Family name or address of any member from time to time. No change in the Constitution of the Partnership or Joint Hindu Family shall become operative so far as the Association and its members are concerned unless and until such changes are approved by the Board.

SUE-MEMBERSHIP

5 Who can be sub-members.—(1) Every individual ordinarily a resident in Ujjain or Indore desirous of becoming a sub-member of the Association shall sign and submit an application in the Form prescribed by the Board from time to time along with the requisite amount of deposit, admission fee and annual subscription to the Secretary of the Association.

(2) On receipt of the application as mentioned in Article 23(1) the Board, shall, if it thinks proper accept or reject the application without assigning any reason. The applicant shall not have the right to submit another application within next six months if his application is once rejected by the Board.

6 Change of name in sub-membership.—If any sub-member wishes to change his name, he shall have to submit an application in writing to the Secretary of the Association through the Local Committee where he is working, along with a fee of Rs. 21 (Twenty one) only. The Board, on receipt of such application shall take decision within two months and the decision of the Board shall be posted on the Notice-Board of the Association for the information of all.

7 When to pay Annual Subscription.—The annual subscription of Rs. 50 per Vikram Samvat Year shall be paid in advance by the sub-members in the office of the Association or the Local Committee as may be determined from time to time, before the Sudi 15th of Kartik. If any sub-member fails to pay the amount of subscription within the period mentioned above, then a notice will be given to such sub-member to pay the amount of subscription within fifteen days after the date of notice. If the sub-member fails to pay the amount before the last date of such notice, then the Board shall have the power to expel him from the sub-membership and his name shall be struck off the Register of Sub-members accordingly.

NOTICES

8 Notices.—Any notice whether to a member or his authorised representative or a sub-member or a non-member required to be given under these Bye-laws may be served either by hand or by post or by registered letter at the address registered with the Association or at his last known address.

9 Validity of Notices.—A notice whether to a member or his authorised representative or sub-member or a non-member, if served by post, shall be deemed to have been served at the time when the letter containing the same would in the ordinary course of post have been delivered and in proving such service it shall be sufficient to prove that the notice was properly addressed and posted. The production of the Post Office Receipt for the letter shall in all cases where a notice is sent by Registered Post be conclusive proof of the posting of the notice and if delivered by hand shall be proved by a certificate in writing made and signed by the person serving the notice.

10 In no case shall refusal to take delivery of the notice effect the validity of its service.

11 Any notice to the general body of members of the Association may be published by posting the name upon the Notice Board with the date of posting subjoined and every member shall be deemed to be affected by such notice immediately after the posting of the same.

12. **Notice by Advertisement.**—Any notice which may be published by thus posting on the Notice Board may otherwise be sufficiently given by advertisement published once in at least one newspaper published at Indore and Ujjain.

13. The foregoing provisions as to notice shall apply *inter alia* to all members whether or not they have a place of business or residence in Ujjain or Indore at the time of notice being put up.

TRADING RING BYE-LAWS

14. "Trading Ring" means such space or spaces as the Board may from time to time determine and which shall be notified by the Board as reserved for trading in hedge contracts in cotton and/or cottonseed.

15. The Trading Ring at each centre shall be under control of a Local Committee.

16. No person shall be entitled to use or be admitted to the Trading Ring unless he is in lawful possession of a badge or a valid permit issued by the Secretary at the respective Ring.

17. The Local Committee shall cause permits or badges to be issued for the use of the Trading Ring and such permits or badges shall be signed by the Secretary at the respective Ring.

18. Every member shall upon making a written application to the Secretary at the respective Ring in the prescribed form be entitled to three badges on payment of Rs. 3/- for each badge. Such badges shall be issued in the name of such member or his or its representative or representatives, and shall entitle the person named therein to use the Trading Ring as a Ring Trader. If a member requires more than three but not exceeding five badges the Local Committee may, in their discretion, cause the same to be issued on payment of Rs. 25/- for every additional badge. In exceptional cases the Local Committee may with the previous sanction of the Board, issue not more than seven badges to a member, subject to the payment of Rs. 100/- for every badge exceeding five.

19. Such badges shall be issued in the name of a member or his representative or clerk and shall entitle the person nominated by the member to use the Trading Ring.

20. Member shall be responsible for all transactions entered into and acts done by the Ring Trader nominated by him.

21. On a sub-member making a written application to the Secretary at the respective Ring in the prescribed form, the Local Committee shall cause a badge to be issued in the name of the sub-member on payment of Rs. 3/- for such badge.

22. **Register of Ring Traders.**—A Register of such Ring Traders will be maintained by the Local Committee and all changes therein shall be notified promptly on the Notice Board for the information of members.

23. All changes in the names of the authorised clerk or any loss of badges shall forthwith be intimated to the Secretary of the respective Ring.

24. **Transfer of badge.**—A badge of authorised clerk other than that of a sub-member can be transferred to the name of another person nominated by the same member on payment of a fee of Rs. 2/-.

25. A new badge will be issued for the lost one on payment of Rs. 7/-.

26. **Suspension of badge.**—The Local Committee may for any reasonable cause suspend the use of any badge by a authorised clerk upto three days and the holder of such badge upon notification to that effect shall cease to use the Trading Ring till the suspension is removed. The Local Committee may, if it deems proper, also impose a fine not exceeding Rs. 25/- on any Ring Trader.

27. The Local Committee may for any reasonable cause disqualify a person from being nominated Ring Trader for such period as it may deem fit.

28. **Appeal for renewal of badge.**—An appeal shall lie to the Board against any order of the Local Committee if presented with a fee of Rs. 5/- within seven days of the notification of such order.

29. All persons making use of the Trading Ring shall be amenable to the jurisdiction of the Association and shall in particular be subject to the disciplinary Bye-laws

30. All orders, acts or proceedings of the Local Committee in this respect shall be subject to the general or special orders of the Board.

31. **Names of Members to be declared by sub-member next day.**—In respect of every Hedge Contract entered into by a sub-member, he shall give, before the commencement of trading on the next working day, the name of the member in whose name the transaction is to stand, to the other member concerned. In default of such a name being given the member shall close the contract at the Forward Market Rate fixed for such next working day, at the risk and the cost of the sub-member. In the event of closing the contract the member shall immediately send notice of such closure to the sub-member and the Secretary of the respective Ring.

TRADING BYE-LAW

32. **Commencement of trading.**—(1) No member shall enter into any Hedge Contract for any delivery in any year before such date as may be fixed in that behalf by the Board with the previous approval of the Forward Markets Commission.

(2) No member shall enter into delivery contracts in new crop in any year before such date as may be fixed in that behalf by the Board.

(3) **Penalty against contravention of this bye-law.**—Any member entering into contracts in contravention of the provisions of this Bye-law, may, in addition to all other penalties, be dealt with under Bye-laws 231 to 243.

33. **Floor and Ceiling prices.**—(1) All Hedge and Delivery Contracts for cotton shall be subject to the floor and the ceiling prices, if any, fixed under the provisions of the Essential Commodities Act, 1955.

(2) In the event that prices at which cotton may be bought or sold cease at any time to be controlled under the provisions of the said Act, all outstanding hedge and delivery contracts shall be performed in their entirety.

34. **Contracts shall be in writing.**—(a) Hedge Contracts between members shall be in writing, but a memorandum relating to such contracts made in the books maintained by members and initialled by the respective parties in such books, shall satisfy the requirements as to writing. When such contracts are otherwise reduced to writing, they shall be in the form given in the Appendix only. In either case the contracts shall be subject to these Bye-laws.

(b) Hedge contracts between members on one hand and their constituents (including sub-members) on the other shall also be in writing and in the form given in the Appendix. Byelaws 14 to 31, 67 to 92, 104, 105, 106, 109(2), 114(1)(c), 162, 163, 164A, 213A and 219 shall not apply to such contracts. Before entering into such hedge contracts, members should, however, obtain a statement in writing from his constituent that he is not a partner in any member firm. Non-compliance with this requirement shall not render the contract void but shall render the member liable to action under Bye-laws 231 to 243.

(c) **Trading.**—No forward contract entered into under these bye-laws shall be cancelled by any of the parties thereto:

35. **Speculative transaction.**—Speculative transactions in cotton or cotton-seed known as Kutchha Khandl and Kutchha American and Cut-Saudas and similar Dharas, and also options in cotton or cottonseed are prohibited. Any member who infringes or attempts to infringe or who assists any infringement or attempted infringement of this Bye-law shall be liable to suspension and/or expulsion from membership of the Association.

36. Any contract entered into, made or to be performed otherwise than in accordance with the Bye-laws 32, 33, 34, 35, 37, 42, 44, 45, 46, . . . shall be void.

37. **Holidays.**—(1) All Sundays and other days fixed by the Board as Holidays will be observed by members and sub-members as whole holidays. The Board may also decide what other holidays or half-holidays are to be observed by the members and sub-members. The Board may at any time notify that any day previously notified as a whole holiday or half-holiday, as the case may be, shall not be a whole holiday, or half holiday and may fix trading hours.

(2) **Closure of Markets.**—The President, in his sole discretion, may close the market for such time not exceeding two days for any reason he may deem proper. In the absence of the President, the Vice-President of the Association and in the absence of both the President and the Vice-President such Director of the Board as is authorised by the Board for the purpose of this Bye-law may exercise the power under this clause.

38. Working Hours.—All notices and declarations shall be given and made on working days before 5-00 P.M. Members shall accept from the Association or from members of the Association letters, railway receipts, delivery orders, cheques etc., between 11 A.M. and 5 P.M. on all working days and between 11 A.M. and 2 P.M. on Saturdays and half working days except where otherwise provided for. The Board, however, shall have power from time to time to alter these timings.

39. All notices and declarations excepting tenders and delivery orders due on whole holidays shall be given or made in Ujjain or Indore, as the case may be, not later than the hour required according to these Bye-laws on the next working day.

40. Payments due on whole holidays.—Payments which in the ordinary course would fall due on a whole holiday shall be due on the succeeding working day.

41. Payments made on a whole holiday shall not carry interest until the succeeding working day.

42. Trading Hours.—(a) (i) Trading in the hedge contract on trading days other than Saturdays and half-holidays, shall take place between the hours of 11 A.M. and 5 P.M. and on Saturdays and half holidays between the hours of 11 A.M. and 3 P.M.

(ii) Trading in delivery contracts on trading days shall take place between the hours of 10 A.M. and 5 P.M.

(b) Notwithstanding anything contained in clause (a) hereof trading in the hedge contract and delivery contract shall be permitted on the Diwali holidays, on the Union Budget Day or any other holidays during such hours as the Board may from time to time prescribe.

(c) *Board powers to alter working and trading hours.*—The Board shall have power from time to time to alter any hours mentioned in the foregoing clauses of this Bye-law.

(d) Any member violating the Bye-law shall be dealt with in accordance with the provisions of Bye-laws 231 to 243.

43. Warning Bell in the Trading Ring.—A clerk shall be placed in or near the Trading Ring and a warning bell shall be rung ten minutes before the closing of the market. A bell shall also be rung at the opening or closing of the market.

44. Save as may otherwise be permitted under these Bye-laws no transactions in Hedge or Delivery contracts shall be effected by any member, his representative or clerk or sub-member during whole holiday or except during trading hours fixed by the Board on other days.

45. Trading not allowed on Holidays or Period suspended for business.—No person shall trade in hedge contract during such period as trading therein shall have been lawfully suspended or prohibited by any competent authority.

46. No trading in Hedge or Delivery Contracts shall be permitted in any public place or street.

47. Fine and suspension where Bye-laws are contravened.—The Local Committee or any other committee appointed by the Board for the purpose, shall be entitled to scrutinise and examine the books etc. of a member and/or a sub-member who may commit breach by transacting business outside trading hours or Trading Ring and to impose a fine on any member upto Rs. 1,000/- or on any sub-member upto Rs. 250/- or to suspend him for any number of days not exceeding fifteen days, subject to an appeal to the Board, whose decision shall be final and binding.

48. Margin on business exceeding free trade limit.—(1) Every member of the Association shall, on each Inward Payment Day and not later than the time specified in the Clearing House notice under Bye-law 86 for payments in of debit balances under the Balance Sheets, pay into the Settlement Account of the Association with the Bank approved by the Board for this purpose, a deposit, by way of margin, not carrying interest, on the net open position in respect of hedge contracts entered into by the member during the working days for the period for which settlement rates are fixed under Bye-law 80 for such settlement. The said margin, calculated as follows, shall be payable on the total net open position in respect of Hedge

Contracts for cotton and that in respect of Hedge Contracts for cottonseed as at the close of business on the day preceding the fixation of settlement rates.

Cotton:

On the first 1000 bales	No margin
On the next 3000 bales or part thereof	Rs. 5/- per bale
On the next 4000 bales or part thereof	Rs. 7/8/- „
On the next 4000 bales or part thereof	Rs. 10/- „
On the next 13000 bales or part thereof	Rs. 15/- „
Over 25000 bales.	Rs. 25/- „

Cottonseed:

On the first 150 manis	No margin.
On the next 750 manis or part thereof	Rs. 3/- per mani
On the next 750 manis or part thereof	Rs. 4/- per mani
On the next 750 manis or part thereof	Rs. 6/- per mani
On the next 1250 manis or part thereof	Rs. 8/- per mani
Over 5000 manis.	Rs. 15/- per mani

Provided however that it shall be permissible to any such member to set off the whole or any part of such deposit by way of margin against any amount due to such member under the Balance Sheets sent in by him in respect of such Settlement; Provided further that in respect of any deposit made by a member under this Bye-law on the previous Inward Payment Day, it shall be permissible to such member to adjust the same or any part thereof in the Balance Sheet sent in by him in respect of any subsequent settlement.

(2) No member shall have at any time a total net open position exceeding 25000 bales in respect of Hedge Contracts for cotton and 10,000 manis in respect of Hedge Contracts for Cottonseed.

(3) *Power to vary margins.*—Notwithstanding anything contained in clause (1) of this Bye-law, the Board may, if they deem necessary, fix, from time to time, for the purpose of payment of margins, the quantities relating to the net open position in respect of which deposits by way of margin should be paid or the rates of margin mentioned in the said clause, or both, subject to the previous permission of the Forward Markets Commission.

49. Power of the Forward Markets Commission to fix margins and maximum quantity for trading.—Notwithstanding anything contained in Bye-law 48 the Forward Markets Commission may, if the interest of the trade or public interest requires, by order:

(a) prohibit for such period as may be specified in the order trading in Hedge Contracts in excess of such quantity as may be so specified,

or

(b) fix, from time to time, for the purpose of payment of margin the quantities relating to the net open position in respect of which deposits by way of margin should be paid or the rates of margin mentioned in the said Bye-law, or both.

50. Laga payable to all Hedge Contracts.—Every member shall pay on each Inward Payment Day not later than the time specified in the Clearing House notice under Bye-law for payments of debit balances under the Balance Sheets into the Laga Account of the Association with a Bank prescribed by the Board for the purpose of Laga or Cess:

- (i) at the rate of annas two and half on every purchase of 25 bales of cotton and at the same rate on every sale of 25 bales in respect of Hedge Contracts in cotton entered into by him; and
- (ii) at the rate of half anna on every purchase of 25 Manis and at the same rate on every sale of 25 Manis in respect of Hedge Contracts in cottonseed entered into by him, during the period for which the settlement rates are fixed under Bye-law 80 for such settlement.

51. **Havala.**—(1) Any havala of Hedge Contracts made with the consent in writing of all the parties concerned shall, subject to the provisions of this Bye-law, be valid and shall not be cancelled except with the authority of the Board. Havala (direct) between two or more parties shall be effected only on such day or days as may be notified by the Board in this respect and shall be effected on the basis of the immediately preceding settlement rates, or in the event of no settlement rates having been fixed by the Board within a period of seven days immediately preceding, then on the basis of the rates of any day during that period which may be fixed by the Chairman in this behalf and notified on the notice board.

(2) The Board shall have power to declare as invalid any havala effected by or with a member who at the following Settlement Clearing fails to meet his obligations to other members of the Association and is posted as a defaulter under Bye-law 214. In the event of any such havala being declared invalid by the Board, the differences on all outstanding transactions of the defaulting member shall be claimed and paid as if no such havala had been effected.

GENERAL BYE-LAWS REGARDING TRADING

52. **Operation of Contract.**—Every hedge contract in cotton made subject to these Bye-laws shall take effect as a contract wholly made at Indore if it is or is deemed to have been entered into at Indore and at Ujjain, if it is or is deemed to have been entered into at Ujjain. Every delivery contract in cotton made subject to these Bye-laws shall take effect as a contract wholly made at Indore or at Ujjain as may be specified in the contract. Every contract in cottonseed made subject to these Bye-laws shall take effect as a contract wholly made in Ujjain.

53. Every transaction entered into between members and every contract made subject to these Bye-laws or subject to C.I.C.A. arbitration or containing words or abbreviations to a similar effect and every arbitration agreement to which these Bye-laws apply, shall be deemed in all respects to be subject to these Bye-laws and the parties to such transactions, contracts or agreements shall be deemed to have submitted to the jurisdiction of the Courts in Indore or Ujjain according as the place at which the transaction is regarded as wholly made according to Bye-law 52.

54. (1) The death of any party to a contract made subject to these Bye-laws shall not discharge the right of any other party to such contract, or the legal representative of the deceased, to refer to survey or arbitration under these Bye-laws any dispute or claim whether as to quality or otherwise and in such event such right shall be exercisable by or against the legal representative of the deceased.

(2) Where a party to survey, arbitration or appeal dies during the pendency of a survey or an appeal or an arbitration before a final award is made and published, the authority of the Panel of Surveyors, the Appeal Committee, the Arbitration Committee, the Appellate Tribunal and the Board shall not thereby be revoked but the proceedings shall be continued by or against the legal representative of the deceased.

(3) 'Legal Representative' in this Bye-law means a person who in law represents the estate of the deceased party and includes any person who intermeddles with the estate of such deceased party and where a party acts in a representative character, the person on whom the estate devolves on the death of the party so acting.

55. **Maintenance of Records.**—Members shall maintain a record of all their transactions in cotton and/or cottonseed and books of account relative to the same for a period of at least three years for production whenever required.

56. **Calling for particulars of Contracts.**—The Board shall be entitled to call for from time to time, particulars of ready and/or delivery transactions in cotton and/or cottonseed in such form as they may prescribe from time to time and the members so asked shall submit such particulars within such time as the Board may prescribe for it.

BYE-LAWS RELATING TO HEDGE CONTRACTS OF COTTON

57. **Terms of Hedge Contracts in cotton.**—(a) For the purpose of hedging in cotton there shall be one Hedge Contract styled "Fine Malvi Contract". The basis of Fine Malvi Contract shall be Fine M. G. Jarilla staple 3/4" as per standard to be prepared from Jarilla cotton grown in Madhya Bharat.

(b) **Unit of Tender.**—The unit of trading in the Hedge Contract shall be 25 bales.

(c) *Tenderable varieties.*—Against the Hedge Contract cotton of the descriptions shown in column (1) of the Hedge Schedule appended to these Bye-laws (which Hedge Schedule shall be subject to such modifications as the Board may make from time to time with the concurrence of the Forward Markets Commission) and pressed or grown in the areas enumerated in the corresponding column (2) thereof shall alone constitute a fair tender; provided that:—

- (1) The minimum and maximum staple lengths tenderable shall be as specified in columns (3) and (4) respectively of the Hedge Schedule.
- (2) *Grades or Classes of Cotton.*—The cotton tenderable shall be of one of the following classes: Extra Superfine, Superfine, Fine and Fully Good; provided that if the fair average class of the season as may be determined by the Standards Committee at such time or times as the Board may direct them to do, is lower than Fully Good it shall also be tenderable subject to appropriate allowances fixed for the purpose by the authorities competent under these Bye-laws.
- (3) Tenderable cotton of a description, staple length and class different from the basis of the contract shall be tenderable subject to tendering differences fixed under these Bye-laws.
- (4) Each lot of 25 bales tendered shall be of one and the same description of cotton.
- (5) *Cotton bales shall bear marks.*—Each bale shall bear the Special Mark prescribed for the factory in which it is pressed, in conformity with the provisions of the Cotton Ginning and Pressing Factories Act in force in the area, and the Rules thereunder.
- (6) The cotton shall comply with Bye-laws 97, 98 and 99.
- (7) *Not a fair tender.*—On failure to fulfil any one of these conditions a tender shall be held to be not a "fair tender" and will be liable to the consequences provided under these Bye-laws.

Explanation.—For the purpose of proviso (4) hereof a tender cannot be made of, for instance, 10 bales of Malvi and 15 bales of Upland. The whole 25 bales tendered must be either of Malvi or of Upland.

- (8) In the event of any bale in a tender being unmarked, or wrongly marked, and therefore not bearing the Special Mark as required by proviso (5) to sub-clause (c) such bale shall be rejected by the buyer, and he shall be entitled to such amount, if any, as may be imposed by way of a penalty, from time to time by the Board, provided however that the Board shall impose a fixed penalty of Rs. 7-8-0 for the whole lot of 25 bales tendered with marks not sufficiently clear to locate the origin of such bales. The buyer shall, however, be liable to weigh over and accept delivery of each lot of 25 bales rendered that shall comply with the conditions contained in sub-clause (c) less any such bale or bales rejected under this sub-clause.

(d) The months of delivery of the Hedge contract shall be:

Magh, Chait and Jeth and the delivery period shall be from Vadi 8 to Sudi 8 of the delivery month.

58. (1) The hedge contract shall be for delivery at the centre where it is or is deemed to have been entered into. But the seller shall have the option of delivering cotton in Mofussil in accordance with the provisions of this Bye-law and if he chooses to deliver in Mofussil shall do so by specifying in the Clearing House Delivery Order Form submitted by him under Bye-law 103.

(2) *Places for Delivery in Mofussil.*—Delivery in Mofussil shall only be permitted for the following descriptions of cotton at the places shown thereagainst as places tenderable.

Description of Cotton

Place Tenderable.

Jarilla	Indore, Ujjain, Ratlam, Khandwa, Akola, Amraoti, Bhawanimandi and Khamgaon.
Virnat (197/3) H420.	Indore, Ujjain, Ratlam, Khandwa, Akola, Bhawanimandi, Gulabpura, Amraoti and Khamgaon.
Upland and Combodia.	Indore, Ujjain, Ratlam, Khandwa, Akola, Amraoti and Khamgaon.
Buri/American.	Indore, Ujjain, Ratlam, Khandwa, Akola, Amraoti and Khamgaon.
Rajasthan/American.	Bhawanimandi and Gulabpura.

Provided that the Board shall have power from time to time to modify the foregoing schedule with the concurrence of the Forward Markets Commission.

59. Tendering Differences.—Tendering differences i.e., premia or discounts for descriptions of cotton tenderable other than basic cotton and for “class” or “grade” and staple length, shall be fixed on or about Vadi 3 of the delivery month. For the purpose of fixing such differences the Board shall appoint a Special Committee consisting of three persons from Indore and four from Ujjain actively connected with the spot market. Five members of the Special Committee shall form a quorum and in the event of a quorum not being available, the President or in his absence the Vice-Chairman of the Board shall appoint a duly qualified person or persons to enable a quorum to be formed. In the event of a member of the Special Committee being granted leave the Board shall appoint a duly qualified person to fill the vacancy during the absence of such member on leave. The tendering differences fixed by the Special Committee shall be subject to a right of appeal to the Board on payment of an appeal fee of Rs. 50 provided the appeal is lodged with the Secretary within two working days from the date of the notification of the tendering differences so fixed. If the Board in such appeal shall modify any such difference and if in their opinion such modification necessitates consequential modification of any other differences fixed by the Special Committee they shall have power to do so notwithstanding that no appeal against any such other differences has been preferred to them. The tendering differences fixed by the Special Committee, subject to any modification in appeal by the Board, shall be applicable to all tenders of cotton again attract during the month, and shall remain unaltered throughout. The Special Committee, and in case of appeal the Board, shall differences on the basis of the prices at which the basic and other descriptions of cotton tenderable are sold in the Indore and Ujjain spot markets, taking also into account the spot prices of the respective descriptions of cotton in the Mofussil markets at which the description of cotton are tenderable.

All appeal fees payable under this Bye-law shall be credited to the funds of the Association. In the event of an appeal being successful the entire fee shall be refunded.

60. General Bye-laws in respect of Forward Contracts.—Cotton containing black leaf, if equal to the standard in all other respects, shall be tenderable against a Hedge or Delivery Contract with a special ‘off’ allowance not exceeding, where the spot rate of cotton of the description tendered ruling on the date of arbitration is a multiple of Rs. 50, $1\frac{1}{2}$ per cent. of such spot rate and, where it is not a multiple of Rs. 50, $1\frac{1}{2}$ per cent. of the nearest multiple of Rs. 50 below such spot rate. Within this limit a special allowance shall be fixed in arbitration according to the proportion of black leaf to light leaf.

The ‘off’ allowance in respect of black leaf cotton shall not be counted with any other allowance or allowances for purposes of rejection.

In cases of contracts made for sale of cotton on stamped bales or on types, cotton with black leaf, if equal to the Standard in other respects, shall, in the absence of a stipulation in the contract to the contrary, be tenderable with the said ‘off’ allowance if so fixed.

BYE-LAWS RELATING TO HEDGE CONTRACTS IN COTTON SEED

61. (a) For the purpose of hedging in cottonseed, there shall be a Hedge Contract styled Jarilla Cottonseed Contract with Jarilla Cottonseed as its basis.

(b) Against the Hedge Contract new crop cottonseed produced in the States of Madhya Bharat, Madhya Pradesh and Rajasthan excluding the district of Ganganagar, subject to such modifications as the Board may from time to time make therein shall constitute a fair tender subject to the tendering differences, if any, fixed by the Board as hereunder provided.

(c) Notwithstanding anything contained in the above clauses (a) and (b) of this Bye-law, wet, burnt, white, damaged, dead seeds and cottonseed of old crop shall not be tenderable against the Hedge Contract.

(d) (i) Refraction shall be 4 per cent. mutual. For ascertaining refraction lint shall be separated by hand from cottonseed.

(ii) Dead seeds to an extent of 20 per cent. shall be reckoned as $\frac{1}{2}$ of the contract price. The buyer may reject the goods if the proportion of deadseed in the total quantity is over 20 per cent.

(iii) Damaged seeds shall be free upto 10 per cent. If the proportion exceeds 10 per cent. the seller shall pay allowances to the buyer as under:—

Over 10 per cent. upto 15 per cent. 6 pias per Mani on every per cent.

Over 15 per cent. upto 20 per cent. 8 pias per Mani on every per cent.

Over 20 per cent. upto 25 per cent. 14 annas per Mani on every per cent.

The buyer may reject the goods if the proportion of the deadseeds in the total quantity exceeds 25 per cent.

(e) Months of delivery of the Hedge Contract shall be Phagun, jeth and Asoj and the delivery period shall be Vadi 8 to Sudi 8 of the delivery month.

(f) The unit of trading in the Hedge Contract shall be 25 manis.

62. Local Tender.—Transactions for Hedge Contracts in cottonseed shall ordinarily be for delivery at Ujjain. The seller shall be entitled to issue a "Local Tender" which expression shall mean a tender of cottonseed lying either in a godown or in a factory situated within the municipal limits of Ujjain.

63. (a) The seller shall have the option of tendering cottonseed in Mufussil in accordance with the provisions made hereinafter. If he chooses to deliver in Mofusil, he shall do so specifying in the Delivery Order submitted by him, through the Clearing House.

(b) Place Tenderable.—Delivery in Mofusil shall be permitted only at the following places:—

Name of the States

Madhya Bharat.

Madhya Pradesh.

Rajasthan.

Places tenderable.

Indore, Ratlam.

Khandwa, Akola,

Amraoti, Khamgaon.

Gulabpura and Bhawanimandi.

Provided that the Board shall have powers to modify from time to time the mofusil centres with the previous approval of the Forward Markets Commission.

64. Tendering Differences.—(a) The Special Committee appointed by the Board under Bye-law 59 shall fix the tendering differences, i.e. premia or discount for the varieties other than the basic variety, if directed by the Board so to do, on or about Vadi 3 of the delivery month. Such differences shall be fixed on the basis of the spot prices at which the basic and tenderable varieties of cottonseed are sold in Ujjain taking also into account the Spot prices of the cottonseed in Mofusil markets at which cottonseed is tenderable.

(b) The tendering difference fixed by the Special Committee shall be subject to a right of appeal to the Board on payment of an appeal fee of Rs. 25 provided the appeal is lodged with the Secretary within two working days from the date of the notification of the tendering differences so fixed. If the Board in such appeal shall modify any such difference and if in their opinion such modification necessitates consequential modification of any other differences fixed by the Special Committee they shall have power to do so, notwithstanding that no appeal against any such other differences has been preferred to them. The Tendering Differences fixed by the Special Committee, subject to any modification in any appeal made by the Board, shall be applicable to all tenders of cottonseed against the Hedge Contract during the month and shall remain unaltered throughout delivery period.

All appeal fees payable under this Bye-law shall be credited to the funds of the Association. In the event of an appeal being successful the entire fee shall be refundable.

FIXATION OF RATES

65. Appointment of Daily Rates Committee.—(1) The Board shall from time to time appoint at each Ring a Daily Rates Committee consisting of 15 members or their duly authorised representatives and shall divide the Committee so as to form three Panels each of five members or their authorised representatives. Each Panel shall meet for a week by rotation. A Panel of the Daily Rates Committee shall meet daily for the purpose of fixing and registering the spot and forward market rates of the basic variety and of other descriptions of cotton and also of cottonseed

tenderable or sold under Hedge Contracts. The Board may at any time and for such period as they think fit, in pursuance of a resolution to be passed by them to that effect and posted on the Notice Board themselves, supersede the Daily Rates Committee and fix and register rates as aforesaid.

Quorum.—Three members of a Panel of the Daily Rates Committee shall form a quorum. In the absence of a quorum the members of the Panel of the Daily Rates Committee present shall call in any other member or members of the Daily Rates Committee to form their quorum of three. In the absence of any member of the Panel of the Daily Rates Committee the rates shall be fixed and registered by the Assistant Secretary concerned. Each member of the Daily Rates Committee present at a meeting for the purpose of fixation of rates shall receive a fee of Re. 1

(2) *Considerations for fixing Spot Rates.*—The spot rate for all descriptions of cotton and for cottonseed tenderable against the Hedge Contract shall be fixed taking into account:

- (a) the prices at which respective descriptions of cotton or cottonseed as the case may be are sold in Ujjain and Indore Spot markets; and
- (b) the corresponding spot prices of different varieties of cotton or cottonseed at tenderable places prescribed under Bye-law No. 58 and 63, respectively.

66. (1) On or about the due date of the Hedge Contract the Board shall fix and register the spot rates for the due date for all descriptions of cotton and cottonseed tenderable under the Hedge Contract for the purpose of invoicing back under Bye-law 111 taking into account:—

- (a) the prices at which the respective descriptions of cotton or cottonseed as the case may be are sold in Ujjain and Indore Spot markets and
- (b) the corresponding spot prices of different descriptions of cotton or cottonseed in the tenderable places prescribed under Bye-law 58 and 63 respectively.

(2) *Appeal for Spot Rates.*—The rates fixed and registered as aforesaid shall be binding on all parties entering into contract for sale or purchase of cotton and/or cottonseed under the Bye-laws of the Association subject however to a right of appeal to the Board (provided that the Board has itself not fixed the rate). Such appeal shall be lodged with the Secretary before 4 p.m. on the working day following the day on which the rate appealed against is so fixed and shall be accompanied by an appeal fee of Rs. 30 or such other fee not exceeding Rs. 60 as the Board may from time to time fix. All appeal fees payable under this Bye-law shall be credited to the Association. In the event of the appeal to the Board under this Bye-law being successful half the appeal fee shall be refunded to the Appellant. It shall be no objection to any rate fixed and registered by the Board or a panel of the Daily Rates Committee that some or all members of the Board or of any such panel were themselves interested in the contract for some one or more of the descriptions of cotton and/or cottonseed for which such rate was fixed and registered

Any rate once fixed and registered by the Board shall not be open for reconsideration but the same shall be final and binding on all parties.

(3) The rates fixed and registered as aforesaid are on Godown Terms.

Explanation.—‘Godown Terms’ means that the cotton or cottonseed shall be for delivery from a godown situated within the Municipal limits of Indore or Ujjain subject to the Bye-law 50.

BYE-LAWS RELATING TO THE CLEARING HOUSE

67. **Purpose of the Clearing House.**—A Clearing House shall be maintained at each Ring for the purpose of facilitating the transmission of documents, payments settlements, etc. between contracting parties and shall be under the management of the Local Committee at each Ring.

68. **Clearing House Hours of Business.**—Subject to holidays fixed by the Board the Clearing House shall unless otherwise determined by the Board remain open daily from 11 a.m. to 5-30 p.m. but shall be closed on Saturday at 2 p.m. except when the due date falls on a Saturday, when it shall remain open till 5-30 p.m.

69. **Forms.**—The Balance Sheets, Instruction Forms, Delivery Orders and Vouchers used for the purpose of the Clearing House shall be in the form sanctioned by the Board and shall be in English or Hindi.

70. The seller shall have the right to correct in a delivery order any bonafide mistake or error with regard to marks on cotton bales and the number, designation or particulars of identification of the godown, factory etc. in which the cotton or cottonseed he tenders, is lying provided that he intimates such mistake or error to the last buyer and to the Clearing House not later than the time of sampling or 48 hours of the receipt by the Clearing House of the delivery order whichever of such times shall be earlier; provided however that it shall not be necessary to intimate any such mistake or error to the last buyer if the Clearing House shall not have intimated to the seller the name of the last buyer within forty-eight hours of the receipt by the Clearing House of the delivery order. The Clearing House may correct any bonafide errors in the transmission and passing on of delivery orders and any bonafide errors in settlement clearings.

71. **Disputes.**—Any dispute arising out of the working of the Clearing House shall be settled by the Local Committee or such Sub-Committee as may be appointed by the Board for this purpose, whose decision shall be binding upon the parties in the dispute subject (on payment of the appeal fee of Rs. 50) to a right of appeal to the Board within three days of the date of the decision appealed against. The Board may in giving their decision, direct by whom such fees shall be paid and they shall be paid accordingly.

72. **Fees for deciding Clearing House Disputes.**—A fee not exceeding Rs. 30 may be charged by the Local Committee or Sub-Committee for deciding disputes and it will be competent to the Local Committee to decide what amount of fees shall be paid by each party.

73. **Fine for Disobedience.**—All members shall pay attention to and obey notices issued by or on behalf of the Board or the Local Committee or the Clearing House Superintendent regarding the working of the Clearing House; and the Local Committee is hereby empowered to impose fines not exceeding Rs. 100 in each case for neglect of or disobedience to such notices, or for errors or omissions or illegibility in the making up of Instruction Forms, Balance Sheets and other documents, and delay in submitting them or any of them to the Clearing House. The Local Committee may by a resolution depute Chairman to deal with and impose fines for breach of this Bye-law.

74. **All payments to be made through Clearing House**—(a) All payments by or to a member in respect of differences on hedge contracts entered into between members and every penalty payable by a member to another member in respect of a cotton or cottonseed hedge contract shall be paid through the Clearing House.

(b) Any member violating this Bye-law shall be liable to be dealt with in accordance with the provisions of Bye-laws 231 to 243.

75. **Payments.**—Payments into the Clearing House shall be made by paying the amounts into the Settlement account of the Association with any Scheduled Bank prescribed by the Board for the purpose. Payments out shall be made by cheques drawn on such Bank.

76. **Hours for Payments.**—The Hours of the Clearing House shall be fixed by the Board or the Local Committee who shall give reasonable notice of any alteration therein, provided that the hour of outward payment shall depend on debtor member's dues having been paid into the Settlement Account as required under Bye-law 86.

77. **Complaint against a member not using the Clearing House.**—If any complaint be made to the Local Committee by any member that any other member who is not using the Clearing House has failed to pay to him the differences due under any settlement in respect of hedge contracts entrusted by a member to another member, the Local Committee shall be entitled to investigate the circumstances and if it finds on such investigation that the member not using the Clearing House has failed to meet at maturity his obligations, communicate its finding to the Board to be dealt with under Bye-law 215.

78. **Settlement days.**—(a) All payments in accordance with Bye-law 74, shall be made weekly on days to be fixed by the Board and notified in a calendar to be published annually, and shall be called "Settlements".

(b) The day on which Balance Sheets are required to be submitted to the Clearing House shall be known as "Settlement Day".

79. Alteration of Settlement dates etc.—Notwithstanding anything contained in these Bye-laws the Board shall have power at any stage to postpone or alter to a fixed date or dates, Settlement Days, Settlement Dates for payment of differences, Inward Payment dates, Outward Payment dates and/or dates for the fixation of Settlement Rates.

80. Settlement rates.—For the purpose of these settlements, Settlement Rates for all positions of the Hedge Contract shall be fixed on or about the third working day immediately preceding Settlement Day by a Sub-Committee appointed by the Board. The rates in respect of hedge contracts in cotton so fixed shall be the averages of the 1 P.M. rates of the Hedge Contracts for cotton for the month of delivery at both the Rings on the day of fixation and in respect of hedge contracts in cottonseed the 1 P.M. rate of the Hedge Contracts for cottonseed at the Ujjan Ring on the day of fixation.

81. Settlement Statements.—Members shall exchange settlement accounts not later than 12 noon on the last working day immediately preceding Settlement Day and shall check the same and adjust discrepancies.

Failure to comply with this Bye-law will be dealt with under Bye-law 73.

82. Contracts to be included.—Only contracts entered into before the day on which the settlement rates are fixed shall be included in each settlement. Contracts entered into on or after the day on which the rates are fixed shall not be settled until the next Settlement Day.

83. Calculation of Differences.—In the case of contracts coming under settlement for the first time differences shall be calculated between the contract price and the settlement rate. In the case of contracts coming under subsequent settlement differences shall be calculated between settlement rates.

84. Closed Contracts.—Settlement accounts shall show the balance of bales in case of cotton or of Manis in case of cottonseed, if any, carried forward from the last settlement at the settlement rates, together with all new business entered into at the contract prices (vide Bye-law 82). Purchases from and sales to the same persons, firms or companies of the same quantity of cotton or cottonseed as the case may be, for the same month of delivery after appearing in one settlement statement shall be deemed 'closed contracts', and shall not be shown in subsequent settlement statements.

85. Vouchers.—Members from whom money is due on settlements shall hand over to the members to whom it is due before 11-30 A.M. on each Settlement Day vouchers (Form 7) in exchange of vouchers (Form 8).

In submitting vouchers no annas or pies shall appear thereon, but

- (1) sums from 1 pie to 7 annas 11 pies inclusive shall be ignored, and
- (2) sums from 8 annas upto 15 annas 11 pies—shall be treated as one rupee.

86. Balance Sheets: Inward Payment Day.—(a) Balance Sheets (Form 11) shall be prepared and sent in to the Clearing House at the hour and on the day fixed by the Board on Settlement Day in that regard, together with vouchers (Forms 7 and 8) Members handing in to the Clearing House Balance Sheets after the hour on the day so fixed shall be charged a late fee at the rate of Re. 1 per hour or part of an hour and no Balance Sheet shall be accepted later than 4-30 P.M. on the date fixed. Members whose Balance Sheets show a debit balance shall pay into the Bank approved by the Board for the purpose the amount due from them not later than the time—on the day specified in the Clearing House notice, which day shall be called the "Inward Payment Day" and members whose Balance Sheets show a credit Balance Sheet be paid the sums due to them as soon as practicable.

NOTE.—Vouchers once submitted with the Balance Sheet to the Clearing House shall not be allowed to be withdrawn without the consent in writing of the other party or parties concerned.

(b) The Clearing House shall disregard items in Balance Sheets prepared and sent in under the—preceding Bye-laws which are not supported by vouchers and shall disregard corresponding items admitted

86A. Differences (inclusive of penalty as provided by Bye-law 61 or 73) due on delivery orders which are finally rejected and invoiced back at the market rate shall be paid into the Clearing House by the party concerned at the following settlement which may be the next settlement Day or the notified—Settlement Day according as the circumstance may require

86B. Adjustment of differences on failure of members.—Where for any reason a member fails at a settlement to pay the sum due to the Clearing House as shown in his balance-sheet or any part of such sum, his balance-sheet and the balance-sheet of parties to or from whom the said member was to have paid or received differences shall be adjusted by the Clearing House as the facts and figure may require.

87. (i) Prepare and send the clearing house along with the balance sheet submitted under Bye-law 86, statements in duplicate, one copy for the use of the Association and the other for the use of the Forward Markets Commission, in such form or forms as may be prescribed by the Board from time to time and in accordance with the instructions contained in such form or forms,

(a) showing collectively particulars and information as to the sales and purchases effected in respect of all Hedge Contracts (i) on his own account whether in his own name or through another member, (ii) on behalf of other members as their brokers and (iii) on behalf of non-member constituent's during and the resultant net open position, as at the end of each of the working days to which the settlement relates, separately in respect of cotton and cottonseed;

(b) containing a statement to the effect that in respect of the constituent's business included therein, he has obtained statements in writing to the effect that none of them is a partner of any other member firm.

(c) *Statement as to margin*—showing the amount of the margin payable under Bye-law 48 in respect of the net open position so shown,

(d) showing the amount of contracts registration fee payable, if any, in respect of the sales and purchases so shown, and

(e) *Payment of Laga*.—showing the amount of Laga payable in respect of the sales and the purchases as required under Bye-law 50.

(ii) On the Inward Payment Day, and not later than the time specified in the Clearing House notice under Bye-laws 86 for payments in of debit balances under Balance Sheets, pay into the Settlement Account of the Association with the Bank prescribed by the Board for the purpose such sum as shall cover the contract registration fee, if any, as well as the margin and Laga shown as payable under the statement or statements submitted by him under sub-clause (i) hereof.

(2) Every month within a week of the expiry of the month, every member who may have appropriated to himself the sales or purchases of his non-member clients in respect of Hedge Contracts shall prepare and send to the Clearing House a statement in duplicate, one copy for the use of the Association and the other for the use of the Forward Markets Commission, in such form as may be prescribed by the Board showing such sales or purchases appropriated by him during the period covered by the statement.

(3) Every member entering into Hedge Contracts in his own name whenever so required by the President submit statement or statements in duplicate, one copy for the use of the Association and the other for the use of the Forward Markets Commission in such form as may be prescribed:

(a) showing the contracts entered into by him on behalf of his constituents,

(b) showing the contracts entered into by him on his own account,

(c) showing separately the transactions on behalf of each of the constituents during each day covered by the statement.

(4) A member contravening or not complying with clauses (1), (2) or (3) hereof or submitting an incorrect statement under the same clauses shall be liable to be dealt with under Bye-laws 231-243. A member failing to pay the margin as required by sub-clause (ii) of clause (i) hereof, after being called upon by the Clearing House so to do, shall be deemed to have failed to meet at Maturity, his obligations and shall, in addition to all other penalties, be liable to be dealt with under Bye-law 214 and other Bye-laws in that behalf, and in the event of such member being posted a defaulter, the margin, if any, then standing to his credit under this Bye-law shall be liable to forfeiture by resolution of the Board and shall, on such forfeiture, be subject to a first lien or charge in favour of such of the other members to whom he shall then be indebted in respect of cotton and/or cottonseed transactions for the total amount of such indebtedness.

88. (1) At each settlement, every member not submitting a statement under clause (1) of Bye-law 87 who may have effected through another member a sale or a purchase in respect of a Hedge Contract during the period to which the settlement relates or who may have previously so effected a purchase or sale in respect of a Hedge Contract which was outstanding at the commencement of

the period, shall on the Inward Payment Day and not later than the time specified in the Clearing House notice under Bye-law 86 for payments in of all debit balances under Balance Sheets,

(i) prepare and send to the Clearing House statements in duplicate, one copy being for the use of the Association and the other for the use of the Forward Markets Commission, in such form or forms as may be prescribed by the Board from time to time and in accordance with the instructions contained in such form or forms,

(a) showing particulars and information as to the sales and purchases effected through another member in respect of Hedge Contracts during and the resultant net open position as at the end of, each of the working days to which the settlement relates, separately in respect of cotton and cottonseed, and

(b) showing the amount of margin payable under Bye-law 48 in respect of the net open position so shown; and

(ii) pay into the settlement account of the Association with the Bank prescribed by the Board for the purpose such sum as shall cover the margin payable under the statement or statements submitted by him under sub-clause (i) hereof.

(2) A member contravening or not complying with clause (1) hereof or submitting an incorrect statement under the same clause shall be liable to be dealt with under Bye-laws 231 to 243. A member failing to pay the margin as required by sub-clause (ii) to clause (1) hereof, after being called upon by the Clearing House so to do, shall be deemed to have failed to meet at maturity his obligations and shall, in addition to all other penalties, be liable to be dealt with under Bye-law 214 and other Bye-laws in that behalf, and in the event of such member being posted a defaulter, the margin, if any, then standing to his credit under this Bye-law shall be liable to forfeiture by a resolution of the Board and shall, on such forfeiture be subject to a first lien or charge in favour of such of the other members to whom he shall then be indebted in respect of cotton or cottonseed transactions for the total amount of such indebtedness.

89. The Board or the Local Committee shall have power, for the purpose of verifying or checking any statement submitted by a member under Bye-law 87 or 88 to call for the production of the books of any member or members, and/or to call for any explanation from any member or members. A member failing or neglecting to submit any such statement or to produce any such books or to give any such explanation, shall be liable to be dealt with under Bye-laws 231 to 243.

90. The Clearing House shall not be deemed to guarantee the title, ownership, genuineness, regularity or validity of any goods or any document passing through the Clearing House, the object of maintaining the Clearing House being to facilitate the delivery and payment in respect of the goods or documents between members.

91. **No liability of Clearing House in course of its operation.**—No liability shall attach either to the Association or the Board or the Local Committee or to any member of the Board or of the Local Committee, or any member of the Staff of the Association by reason of anything done or omitted to be done by the Clearing House in the course of its operation nor shall the Association or the Board or the Local Committee or any member of the Board or the Local Committee be liable to answer in any way for the title, ownership, genuineness, regularity or validity of any goods or documents passing through the Clearing House nor shall any liability attach to the Association or the Board or the Local Committee or any member of the Board or the Local Committee or any member of the staff of the Association in any way in respect of such goods or documents.

92. **No liability of member due to delay in Clearing House.**—No liability shall attach to any member of the Association for any delay on the part of the Clearing House in the course of its operation.

STANDARDS OF COTTON

93. **Appointment of Standards Committee.**—The Board shall from time to time appoint a Standards Committee consisting of seven persons inclusive of the Chairman of the Committee. The quorum for a meeting of such Committee shall be five.

94. **Functioning of Standards Committee.**—(1) The functions of the Standards Committee shall be to prepare or cause to be prepared by such agency and at such times as the Board may from time to time decide or approve of and subject to such instructions as the Board may give, four sets of Standards viz.—

- (i) Two sets of working Standards, one for each Ring.
- (ii) The Appeal Standards.
- (iii) The Reference Standards.

of various grades of the respective descriptions of cotton tenderable against the Hedge Contract, but the Standards so prepared shall not be available for use until they have been passed by the Appeal Panel and approved by the Board.

The two sets of the working Standards shall be in the charge of the Assistant Secretaries at the two Rings (Indore and Ujjain) and the Appeal Standards and the Reference Standards shall be in the charge of the Secretary in the survey rooms.

(2) The Standards Committee shall also prepare or cause to be prepared in like manner, standards for a staples of 23/32", 24/32", 25/32", 26/32", 27/32", 28/32", 29/32" in length from a Jarilla growth. For staples of 7/8" and above if suitable Jarilla cotton is not available, then such standards shall be prepared from any suitable variety. These standards shall also be passed by the Appeal Panel and approved by the Board before they are made available for use.

(3) *Standards to be notified to members.*—The Secretary shall from time to time notify for members of the Association the approving of the Standards by the Board. It shall be competent to any member or members of the Association and the Textile Commissioner appointed by the Government of India to inspect the same, on condition of not being touched in the case of Standards for grades, and to prefer an appeal against any Standard or Standards to the Board within fifteen days from the date of such notification on payment in advance of Rs. 50/- per standard. The Board shall thereupon entrust it to the Appeal Panel for necessary action. In the event of appeal being successful, the fee shall be refunded to the Appellant.

(4) After an inspection of the Standard or Standards appealed against, the Standard Committee shall revise the same.

(5) The working Standards shall be available to the Surveyors for carrying out surveys.

(6) The Appeal Standards shall be available in the Settlement of appeals to the Appeal Panel for reference and for inspection at any time by the Board.

(7) The Reference Standards shall mainly be available for the use of the Standards Committee and the Board as the basis for any revision of the Appeal and working Standards.

95. Revision of Standards.—(1) The Appeal and working Standards may be examined from time to time by the Standards Committee and if at any time, in their opinion, any Standard has changed from its original condition, the Standards Committee may under the authority of the Board delegated to them take necessary steps to revise or replace it in order to bring it into accord with the corresponding Reference Standards.

(2) New Standards for descriptions or grades of cotton for which there have been no Standards previously, shall come into use with effect from such date or dates as the Board may from time to time determine.

(3) In the event of any standard or Standards in use for the year being destroyed or damaged by fire or through any other cause whatsoever, the Board shall have power to instruct the Standards Committee to prepare or to have prepared new sets of Standards to replace such as have been so destroyed or damaged subject to the provisions of Bye-law 93.

TENDERS AND DELIVERY ORDERS

96. For the fulfilment of Hedge Contracts under these Bye-laws goods shall be tendered by Delivery Orders only.

97. Every delivery order shall be issued in lot of 25 bales in case of cotton and in lot of 25 Manis in case of cottonseed and the same will be issued at the immediately preceding Settlement rate. The parties issuing delivery orders shall receive or pay the difference, if any, between the contract rate and the last Settlement rate through the Clearing House.

98. Station to be mentioned in delivery orders.—(1) The seller when issuing a delivery order must insert in it the contract number and date against which and the station at which, goods will be tendered, mark or marks on the cotton bales, number of the godown in which goods are stored or the factory at which the cottonseed is lying, the contract price or the rate of the last settlement (if any) and the day on which the right to hold an arbitration in respect of the goods tendered will expire.

(2) *Standards to be declared.*—The seller shall declare on his delivery order the Standard under which his cotton is to be surveyed.

If he declares a standard against which his cotton is not entitled to be surveyed the tender shall be treated as 'not fair tender' unless both buyer and seller consent to an alteration in the delivery order declaring the correct standard.

(3) *Rejection of goods without particulars.*—If cotton tendered against a Hedge Contract includes lots from different stations, the number of bales from each station shall be stated in the delivery order. If this is not done by the seller, the buyer may reject all bales which are not from the same station as the bales sampled, and invoice them back at the spot rate of the following day on which he rejects the bales, or, if the seller goes to arbitration (of which he must give notice within 48 hours to the buyer), at the rate of the following day on which the final award is made, plus a penalty of Rs. 10/- per bale in either case.

(4) *Seller's Claim to arbitrate.*—If in tenders against Hedge Contracts the seller desires to exercise his right of claiming an arbitration he must insert in his delivery order the words "Seller claims arbitration" failing which the seller shall be deemed to have forfeited his right of claiming such arbitration.

99. *No delivery Order be issued without goods.*—No delivery order shall be issued unless at the time of the issue of such order entire lot of the cotton or cottonseed is ready at the godown specified in the delivery order or cottonseed is lying at the factory specified in the delivery order.

100. *Valid tender of cotton.*—(1) To constitute a valid tender against Hedge Contracts in cotton entered into under these Bye-laws all the bales tendered under a delivery order must, besides complying with the provision of Bye-law 57.

- (a) be approximately of uniform measurements,
- (b) have such minimum number of lashings as may from time to time be prescribed by the Board, having power to prescribe different minimum for bales pressed in different modes,
- (c) be in the possession of the tenderer or his pledgee or bailee,
- (d) be in one godown, and
- (e) be machine ginned cotton.

Should a tender of bales not of uniform measurement, be sampled and surveyed by the buyer, he shall not be deemed to have given up his rights under this Bye-law.

Failure to observe this Bye-law shall be treated as failure to tender.

(2) No handginned cotton or admixture of handginned and machine ginned cotton shall constitute a valid tender against Hedge Contracts in cotton.

101. *Valid tender of cottonseed.*—To constitute a valid tender against Hedge Contracts in cottonseed entered into subject to these Bye-laws, each lot of 25 Manis of cottonseed tendered must:

- (a) be in the possession of the tenderer or his pledgee or bailee, and
- (b) in a godown or in a factory.

102. Delivery orders shall be passed on between members only. But the members themselves or their agents shall be entitled to give or take delivery of goods covered by such delivery orders.

103. *Issuing of delivery orders.*—The seller shall issue delivery orders for such goods as are lying in the godowns within the Municipal limits of Ujjain or Indore or in such other places as may be prescribed by the Board for mofussil delivery under these Bye-laws relating to the same.

104. *Delivery Period.*—(1) Vadi 8, 11, 14, Sudi 2, 5 and 8 of each delivery month (except when such day falls on a holiday fixed by the Board or on a settlement day in which case the previous day) shall be known as Tender Days.

(2) *Tender Days.*—A member desiring to tender goods against a Hedge Contract shall send delivery orders, duly completed into the Clearing House not later than 1 P.M. on any Tender Day and 1-30 P.M. on the due date on the prescribed Delivery Order Form (Form No. 12).

(3) Tender Days and/or times may, however be varied or cancelled from time to time by the Local Committee or the Board. In case of alteration in tender days and/or times members shall be notified by posting a notice on the Notice Board to this effect.

105. (1) On every tender day members who have outstanding Hedge Contracts for purchase or sale of cotton and/or cottonseed shall send Instruction Form (Form No. 9) into the Clearing House. Such forms shall contain a full list of such contracts in units of 25 bales in case of cotton or 25 Manis, in case of cottonseed and the net 'long' or net 'short' interest of the member at foot of the form.

(2) *Last Buyer*.—In the absence of a member's Instruction Forms as required above the member in question on receiving the tender shall be declared the last buyer.

(3) *Penalty for mistakes in the instruction form*.—Should a member make a mistake or mistakes in his Instruction Forms submitted to the Clearing House and discover the same, whilst the work of passing on the delivery orders is in progress, the Clearing House shall permit him to rectify the same by amending his forms on payment of a penalty of Rs. 5/-. If such member subsequently discovers that he has made a further mistake or mistakes in his form, he may call at the Clearing House again and the Clearing House shall permit him to rectify the same on payment of a further penalty of Rs. 15/- per mistake.

(4) Should a mistake or mistakes in the forms be discovered by the Clearing House, the Assistant Secretary shall immediately notify the member concerned of the same and the member shall be permitted to amend his forms on payment of a penalty of Rs. 5/- per mistake. If the member fails to amend his forms within 3 hours of his being notified, the forms will be taken as correct and delivery orders shall be passed on accordingly.

(5) On Due Date correction of mistakes shall be permitted on payment of a penalty of Rs. 10 per mistake.

Explanation.—No instructions shall be given to the Clearing House regarding purchases from and sales to the same persons or firms of the same quantity and description of cotton for the same month or months of delivery, whether such purchases and sales have passed through a settlement or not, and no tenders shall be made or received against such sales or purchases.

106. *Pucca Delivery Orders*.—(1) The Clearing House shall have power to pass on delivery orders to other parties who have made purchases or sales with respect to the same Hedge Contract and for the same delivery and quantity. The Clearing House shall give each delivery order a registered number. When the passing on of the delivery orders has been completed, the name of the last buyer shall be entered in the "Pucca Delivery Order" by the clearing house and the Clearing House shall forward to the last buyer such pucca delivery order stamped with the official stamp of the Clearing House and inform the seller accordingly. The names of the first seller and the last buyer shall also be posted on the Notice Board of the Exchange as soon as possible. After the declaration of the last buyer the first seller and the last buyer shall be deemed parties for the purpose of the Bye-laws who have made a contract the one with the other in the appropriate form prescribed by the Bye-laws, without prejudice to the rights and obligations under the contracts made, any of them with intermediate parties or between intermediate parties *inter-se*.

(2) *Tender Registration Fee*.—For every tender of 25 bales of cotton or 25 Manis of cottonseed the first tender shall pay registration fee of annas two. Each succeeding tenderer shall pay annas two for each of the contracts entered on the tender form. The Clearing House shall collect tender registration fee through the clearings by issuing the bill to be attached as vouchers to the Balance Sheets of member from whom the fees are due. Member failing to pay the fees accordingly, will be liable to the penalties prescribed by Bye-law 231.

NOTE.—Members who receive these bills must pay into the Bank prescribed by the Board and put in Balance Sheets even if they have no other occasion to put in the Balance Sheets.

107. If a delivery order does not contain the required particulars of the rate mentioned in the same is other than the rate of the immediately proceeding clearing, the clearing house shall refuse to accept such delivery order. But if such delivery order has been accepted through oversight the member concerned shall have to come to the Office of the Local Committee and make necessary correction therein immediately after he has been notified to do so.

108. If a member on whose name a delivery order has been passed in accordance with the instruction forms informs the Local Committee upto 12 O'clock in the noon on the next day of the day on which the name of the last buyer of the delivery order has been notified on the notice board that he has not entered into any purchase transaction with the party from whom the delivery order has been passed on to his name, then the Assistant Secretary at the Ring concerned shall make enquiries into the matter and if it is found that the party from whom the delivery order has been passed on to the last buyer has no outstanding sale transaction with the last buyer and that the seller has given wrong instruction such delivery shall be passed on to the name of the party who committed the mistake.

109. (1) No withdrawal of any tender under a Hedge Contract shall be allowed.

(2) The goods once rejected shall not be retendered or replaced in the same delivery month.

110. **Auction of goods on refusal to accept P.D.O. by last buyer.**—If the last buyer refuses to accept the Pucca Delivery Order the Clearing House shall as soon as possible inform the first seller accordingly and return the said unaccepted Pucca Delivery Order, to him. In receiving the said information and the Pucca Delivery Order, the first seller shall have the right to sell the goods of the said delivery order in the open market or to auction the same in public on account of and at the risk and expenses of the last buyer and the other parties concerned. In such circumstances action shall be taken against the last buyer according to the Bye-laws.

111. **Failure to Tender.**—If a seller fails to tender a delivery order for goods sold or if the cotton or the cottonseed as the case may be or any portion of it for which a delivery order has been passed is not actually then ready for delivery in a godown, a factory within the Municipal limits of Ujjain or Indore as the case may be, in the event of the seller having exercised his opinion to deliver in Mofussil, at the place notified by him therefor under Bye-law 97 the Buyer shall invoice it back at the spot rate fixed for basic cotton or cottonseed as the case may be plus penalty of Rs. 10/- per bale, in case of cotton or Rs. 2/- per mani in case of cottonseed. If a delivery order is not tendered, the spot rate shall be that of the due date; if a delivery order is tendered, the spot rate shall be that of the day on which the failure to deliver occurred, or the absence of the goods under the delivery order is discovered, or in the event of a dispute, of the day following the decision thereof, and in the event of survey or arbitration or appeal such rate as may be fixed in the award.

112. **Failure to tender full or complete lot.**—(1) If, before the buyer discovers that a portion of the goods under the delivery order is not ready for delivery, he shall have weighed over a number of bales in case of cotton or mains in case of cottonseed he shall,

(a) invoice back the undelivered portion in the manner prescribed in Bye-law 111

or

(b) buy at a reasonable rate on account and at the risk and expense of the seller, goods of the same description to the extent of the undelivered portion.

(2) All purchases on account under this Bye-law shall be at the instance of the seller, be subject to arbitration under Bye-law 168 on the question of price, provided the seller shall have communicated his objection to such purchase in writing to the purchaser within 48 hours after the receipt by him of the intimation of such purchase. In any such arbitration there shall be taken into account the spot market rate of the description of goods delivered.

(3) **Buying on account.**—(a) In the event of the buyer choosing to exercise the right of buying in the market under this Bye-law he shall give notice of his intention to the seller before 1-30 P.M. on the day following the date upon which he discovered that the portion of the goods under the order was not ready for delivery and he shall buy on the second day following at Indore if the delivery order pertains to the Clearing House at the Indore Ring and at Ujjain if it pertains to the Clearing House of the Ujjain Ring, and shall intimate his purchase to the seller before 1-30 P. M. on the next succeeding day.

(b) If by 1-30 P.M. on the day following the date upon which the buyer discovered that the portion of the goods under the delivery order was not ready for delivery, he has not intimated to the seller his intention of buying on account,

he shall be deemed to have chosen to exercise his right of invoicing back the portion not weighed over and the spot rate for invoicing back shall be that of the previous day.

(c) In the event of the buyer after having given due notice of his intention to buy, not intimating his purchase to the seller within the time above specified the goods shall be deemed to have been invoiced back and the spot rate for invoicing back shall be, at the option of the seller to be declared by him in writing, that of either the first or the third day following the date upon which the buyer discovered that the portion of the goods under the delivery order was not ready for delivery. In the event of the seller not intimating his option within 24 hours of non-receipt of intimation of purchase from the buyer, the goods shall be deemed to have been invoiced back at the spot rate of the first day following the date upon which the buyer discovered that the portion of the goods under the delivery order was not ready for delivery.

SAMPLING AND WEIGHMENT

113. Procedure of Sampling.—For the purpose of inspection or survey the buyer shall have the right of opening 10 per cent. of the bales. The samples are to be drawn conjointly by parties representing buyers and sellers from both sides of the bales, the buyer selecting the bales to be opened; and all samples drawn shall be used for determining the question of quality. Due allowance shall be made for the change in appearance of the hard side of the bale owing to cross packing.

Re-pressing charges shall not be payable in either Hedge or Delivery Contracts for bales thus opened.

114. Sampling of cotton.—(a) The buyer shall draw samples for the purpose of surveys in the presence of the seller from two bales out of every 25 bales tendered and stored in a godown within two days in case of Local Delivery or within four days in case of mofussil delivery (or such further time as may be granted by the Board) from the date of receipt of the delivery order. Such samples shall be properly sealed in the presence of the seller and buyer and shall be delivered to the seller who shall despatch the same to the Local Committee concerned per passenger or by railway parcel not later than the working day following the day upon which the samples were drawn.

(b) **Sample of cottonseed.**—In order to ascertain quality, refraction etc., the buyer shall be entitled to draw within two days in case of local delivery and four days in case of mofussil delivery from the date of receipt of the delivery order samples of 5 lbs from each lot of 25 manis tendered, after thrusting and encircling the hand thrice into the heap and shall pack the sample thus drawn in two tins and shall seal the same. The tins shall thereupon be sent within the day following the drawing of the samples, to the Local Committee at Ujjain either by a messenger or railway parcel.

(c) The last buyer shall make the necessary arrangements with regard to sampling, arbitration and appeal and shall proceed to weigh over the goods in accordance with Bye-law 120 or Bye-law 136 as the case may be unless he is entitled to reject and elects to do so.

(2) Surveys in such cases shall be arranged by the Local Committee concerned as soon as conveniently after the arrival of the samples in Ujjain or Indore, as the case may be.

(3) **Appeal.**—An appeal shall lie from the award of the surveyors panel or umpire as the case may be provided such appeal is lodged with the Secretary before 1-30 P.M. on the fourth day following the date of the award and the award in such appeal shall be final.

115. A sample not exceeding five pounds (lbs) shall be allowed for every 25 bales of cotton.

116. Receipt for samples.—All samples of cotton or cottonseed loose cotton taken by the buyer and/or his representative whether for inspection and approval or after approval shall be duly weighed and receipt shall be given for the same to the seller before removal from the godown.

117. The seller and the buyer shall mutually ascertain refraction and quality as per samples of cottonseed drawn under Bye-laws 114(b) after getting the same cleaned in the seller's godown or factory and may mutually settle such allowances in respect of quality, refraction in which case the parties concerned shall give in writing to each other regarding such settlement. Survey or arbitration shall be held, on such other matters of disputes as provided in these Bye-laws.

118. Right to draw sample exparte.—In the event of either party to the contract refusing or neglecting to draw samples or to attend when samples are drawn or to seal the samples when drawn, the other party to the contract shall draw and seal the samples and send the samples so sealed to the Local Committee concerned in the manner and within the period provided in clause (i) of the Bye-law 114 subject however to provisions in the clauses (2) and (3) of the Bye-law 114.

119. If however the sample has not been allowed to be drawn by the seller, the buyer shall after giving notice in writing to the seller and original tender, act as if there had been a failure to tender in the manner provided for in Bye-law 111.

For the purpose of this Bye-law the rate for invoicing back shall be the spot rate of the latest day allowed for arbitration.

120. Weighment.—The Buyer shall arrange to weigh over and take delivery of the goods tendered in respect of Local Delivery within 3 days after the goods contracted for are finally approved of, whether by the parties or in survey, arbitration or on appeal, or if no arbitration is held, then the buyer shall arrange to weigh over not later than the period of 3 days from the date of tender of the delivery order is received by the buyer and shall complete taking delivery within 3 days of such date. The Local Committee or the Board shall have power to extend the period of delivery or provide for longer period of delivery if he or it deems necessary. In default the seller may after 48 hours notice weigh over the goods at the expense and risk of the buyer, who shall then pay for it, with interest Rs. 9 per cent. per annum plus weighing charges at annas 8 per bale in case of cotton as 2 per Mani in case of cottonseed and such further charges for fine, insurance and rent as may from time to time be fixed by the Board, failing which the seller shall have the right of resale on the account and at the risk of the buyer which he shall exercise within 15 days after the final approval.

121. Right of invoicing back goods.—(a) In the event of the seller refusing to give delivery of goods which have been approved or surveyed on, the buyer shall have the right after giving 48 hours notice in writing, of invoicing back at the spot rate of the day on which the notice expires plus a penalty rupees 10 per bale in case of cotton and Rs. 2. per Mani in case of cottonseed, or of purchasing in the spot market at a reasonable rate on the account and risk of the seller.

(b) Due intimation of such choice shall be given by the buyer to the seller. In the event of the buyer not intimating his choice to do so within the time aforesaid or having chosen to purchase and not doing so within 24 hours of such intimation he shall be deemed to have invoiced back at the spot rate of the third day after the day upon which delivery was refused.

(c) *Buying on account shall be subject to Arbitration.*—All purchases on account under this Bye-law shall, at the instance of the seller, be subject to arbitration under Bye-law 168 on the question of price, provided the seller shall have communicated his objection to such purchase in writing to the purchaser within 48 hours after the receipt by him of intimation of such purchase. In any such arbitration there shall be taken into account the spot rate of the goods contracted for and the tendering—differences fixed, if any, in terms of Bye-laws 59 or 63 as the case may be.

122. Auction of goods tendered but not taken by buyer.—(a) In the event of the buyer failing to weigh over and take delivery as provided in Bye-law 120 the seller shall make an application on the next day thereafter in writing to the Local Committee concerned with details of the goods etc. On the receipt of such application from the seller, the Association shall immediately notify to the buyer of the same and in absence of a satisfactory reply within 24 hours thereof, the Association shall intimate to the seller that he (seller) would be entitled to sell the tendered goods in the open market on account and at the risk of the buyer and to recover a penalty of Rs. 10 per bale in case of cotton and Rs. 2 per Mani in case of cottonseed. Such sale by the seller shall be done in the presence of an officer of the Association.

(b) In selling the goods as aforesaid on account and at the risk of the buyer, if there be any profit, the buyer shall not be entitled to receive the same from the seller. But if there be any loss to the seller, he will be entitled to recover the same from the buyer as also the expenses incurred for the sale.

123. If there would be a larger quantity of goods, in the godown, of the mark tendered then the number specified in the delivery order, the buyer shall have the right to demand that the lot tendered to him be indicated specially by a distinguishing mark before sampling, but the buyer shall not have the right to object to the tender for the sole reason that the goods tendered have not been separated from the other goods.

124. Intimation to Clearing House.—The last buyer shall intimate to the Clearing House within fifteen days from the receipt of the delivery order either that the goods tendered are in order or that he prefers a survey against them. In the absence of such intimation the goods tendered shall be deemed to have been found in order and as according to particulars in the delivery order.

125. No responsibility of seller after final approval.—The seller shall not be responsible for damage to the goods caused by rain, fire etc., after approval of the goods tendered but not weighed over within 72 hours after final approval.

125A. Storage facilities.—If the buyer shall have paid for goods the seller shall at the buyer's request and cost agreed to between the parties concerned, provide storage facilities for a period not exceeding two months from the date of weighing over of the entire lot under a tender.

126. Weight of bales.—(a) Each bale of cotton should ordinarily weigh 392 lbs. nett. of this Bye-law as regards weight. The buyer shall not be bound to accept any unopened bale the nett weight of which is less than 340 lbs. or more than 450 lbs.

(b) The Board shall have power from time to time to suspend the operation

127. Rights and obligations for pressed bales.—(a) Subject to the provisions of the last paragraph of this Bye-law the following shall be the rights and obligations of a buyer under a forward contract for full pressed bales. The buyer shall, if bales bound with three or more hoops are tendered, be bound to take (in addition to bales opened by him).

(i) burst or repressed bales not exceeding 6 per cent of the total number of bales bought in the case of bales bound with hoops,

and

(ii) bales with one hoop opened not exceeding 26 per cent of the total number of bales bought in the case of hoops,

(iii) but he is not bound to take burst bales, repressed bales and bales with one hoop opened which all together exceed 26 per cent of the lot bought in the case of hoops.

(b) If bales bound with less than three hoops are tendered, the buyer shall be bound to take in addition to the bales opened by himself, burst bales not exceeding 16 per cent of the total number of bales bought in the case of bales bound with hoops. If after the buyer has taken the maximum number of burst bales, repressed bales and bales with one hoop opened, there remains in the lot any such bales which he is unwilling to take, he shall either:

(i) take sound bales if the seller offers to substitute them; or

(ii) invoice back the rejected bales under Bye-law III or

(iii) buy on account the number of bales rejected.

In the event of the buyer either to take sound bales as aforesaid or to exercise the right of buying on account he shall so intimate to the seller before 6 P.M. on the day following the failure of the seller to tender as aforesaid, and in the event of his failing so to do he shall be deemed to have invoiced back the cotton at the spot rate of the cotton contracted for and shall be entitled to apply to the Board to fix a penalty not exceeding Rs. 10 per bale.

(c) Excluding all bales opened by himself, the buyer shall be entitled to repressing charges, at such rate or of such amount as shall be fixed by the Board from time to time in this behalf, on all burst bales, and on all bales with one hoop opened in excess of 16 per cent of the total number of bales bought in the case of bales bound with hoops.

(d) At least 70 per cent. of the bales in the case of bales bound with hoops and tendered under any delivery order must be sound bales, otherwise there shall be deemed to be a failure to tender with all the consequences thereof.

(e) The Board shall have power from time to time to prescribe the nature and description of bindings other than hoops, the numbers of such bindings and the allowance in the price of bale so bound as against the price of bales bound with hoops, and also to alter from time to time the percentage prescribed above.

128. Tare.—The weight of tares shall be settled at seller's godown at the time of delivery and the allowance fixed shall be entered by the buyer or his representative in the receipt granted by him for the bales delivered.

In the event of the lot purchased consisting of bales from more than one press the tare of the bale from each different press shall be separately ascertained.

The average tare ascertained shall be accepted as final by both buyer and seller. If the average tare of the bales selected by the buyer exceeds, the average tare of those selected by the seller by 1 lb. or more, the tare of the lot shall be taken to be one-half lb. per bale less than the average tare of the bales selected by the buyer.

129. Right to call for arbitration in case of damaged bales.—(1) If at the time of weighment any bales are found to be damaged by mud, water, ants, etc., the buyer shall have the right to call for arbitration and shall have the right to reject any bales which are declared by final award to be damaged to the extent of more than ten lbs. per bale, but he must weigh over the balance with the allowances awarded; provided that if the buyer when demanding such survey shall have called for a full allowance and if the arbitration is under Bye-law 138 shall have so intimated to the Secretary or if the arbitration is under Bye-law 150 shall have so intimated to the surveyors, he shall be obliged to take all the bales with the allowance awarded. If the buyer rejects any bales, he shall either:

(a) invoice back the rejected bales at the spot rate of the day following that on which the arbitration under this Bye-law or appeal has been disposed of, or

(b) buy in the market at a reasonable rate on account of and at the risk and expense of the seller.

In the event of the buyer choosing to exercise the right of buying on account he shall intimate his purchase to the seller before 5 P.M. on the day following his rejection and in the event of his failing so to do he shall be deemed to have elected to invoice back.

In the case of dispute as to the reasonableness or otherwise of the price of such a purchase, the seller is entitled to demand arbitration provided he claims it within 48 hours of his getting the notice of purchase.

The provisions of Bye-laws 138 to 160 relating to survey shall apply so far as applicable to survey under this Bye-law also, except that there shall be no restriction on the hour of commencing the survey.

The time allowed for survey under this Bye-law is 24 hours from the time of completion of weighment.

NOTE.—For the purpose of estimating the extent of damage $\frac{1}{2}$ inch at either end of a bale may be taken to be equal to 5 lbs.

130. Goods of inferior quality.—If at the time of weighment some of the goods which have not yet passed the scale are suspected of being inferior in quality to the samples, they shall be set aside until the buyer shall have weighed as many bales of cotton or manis of cottonseed, as the case may be, as he may consider to be equal to his sample and the scale shall not be stopped either by the seller or the buyer so long as any portion of the lot sold shall not have been either weighed or set aside by the buyer as inferior.

131. Right of survey for inferior quality.—Either party shall have the right to call for survey on the goods set aside as inferior by the buyer. Such survey must be held not later than the first working day in case of local delivery and within three working days in case of mofussil delivery following that on which it has been demanded in writing either by the buyer or by the seller.

132. Procedure in drawing samples.—For the purpose of estimating the inferiority of the goods set aside for arbitration 4 per cent. in case of cotton and $2\frac{1}{2}$ lbs. per Mani in case of cottonseed shall be selected by the buyer and 4 per cent. in case of cotton and $2\frac{1}{2}$ lbs. per Mani in case of cottonseed by the seller, with a minimum of 2 bales per lot of 25 bales in case of cotton and 5 lbs. per Mani in case of cottonseed on each side and the samples drawn from the goods thus selected shall be severally compared in survey with samples drawn conjointly by the buyer and the seller and the allowance, if any, shall be based on the average inferiority of the goods surveyed to the average quality of the samples. Allowances awarded shall be based on the inferiority in quality of the bulk of the goods contained.

133. Buyer's rights on seller's failure to arbitrate.—Should the seller neglect or refuse to hold survey as provided in Bye-law 131 the buyer may proceed as if there had been a failure to survey under Bye-law 118.

134. Loss or damage by fire.—(1) In the event of loss or damage as the result of a fire to goods tendered against a forward contract, which have been approved by the buyer, but are still in the seller's godown awaiting delivery the following procedure shall be adopted:

For all such goods as may be totally destroyed or rendered unmerchantable the difference between the contract price or last settlement price as the case may be and the market rate of the goods on the day following that of the fire shall be paid to or received from the buyer—On all such goods as may, though damaged, be still merchantable an adequate allowance for damage shall be fixed by the buyer and the seller and the goods shall then be taken by the buyer who shall pay for it at the price named in the delivery order, less (1) the allowance fixed for damaged goods (2) the allowance (if any) which may, before the fire, have been fixed for quality, provided always that in the event of any dispute arising either in regard to the value of the goods on the day following that of the fire or in regard to the allowance to be paid for damage the matter shall be referred to arbitration as provided by the Bye-laws provided for the purpose.

(2) In the event of loss or damage as the result of a fire to goods set aside by the seller for tender against a contract, for which a delivery order has been given to the buyer but which has not been either finally approved by the buyer or finally arbitrated upon the buyer shall invoice the goods back to the seller at the spot rate of the day following that on which the fire occurred.

Explanation.—Goods not damaged by fire shall be deemed merchantable under this Bye-law if the damage by water does not exceed three per cent. of the spot rate of the cotton in case the goods in question are cotton bales and the spot rate of cottonseed in case the goods in question are cottonseed on the day following that of the fire.

BYE-LAWS RELATING TO MOFUSSIL DELIVERY IN HEDGE CONTRACTS

135. Delivery orders for goods lying in Mofussil.—(a) Notwithstanding anything contained in any other Bye-laws, a member shall be entitled to issue a delivery order (tender) for Mofussil Delivery in accordance with the provisions of Bye-laws 58 or 63 as the case may be within the prescribed time limit, for fulfilling his sale in respect of a hedge contract provided that the goods to be delivered are ready in a godown or in respect of cottonseed in a factory, at the time of issuing such delivery order.

(b) The buyer shall not be entitled to refuse to take delivery of goods on the ground that the Railway booking is closed at that time.

136. Facilities for sampling etc.—In respect of Mofussil Delivery the seller shall give delivery of the goods at such Mofussil centre from a godown or a place having roof over it. The seller shall provide all facilities to the buyer for sampling and weighing. The buyer shall take delivery of the goods at mofussil centre or centres within seven days from the date of approval of the goods. The buyer, within such period shall however be entitled to ask the Chairman of the Local Committee or the Board for extension of the period of delivery stating his reasons for such extension and the Chairman of the Local Committee or the Board shall consider the same and give such or any extension as he or it may in their discretion deem necessary. The Board may direct the buyer to pay such compensation by way of interest rent, insurance, and/or other charges to the seller as they deem proper for such extension.

137. Payment of charges in respect of Mofussil delivery.—In respect of Mofussil delivery of goods the seller shall pay Octroi, if any, and the following charges to the buyer:

(a) (i) In respect of cotton (i) 12 annas per bale by way of cartage or the actual cartage incurred whichever is lower, if the place where the cotton is to be delivered has a railway station nearby. i.e., is situated within a radius of two miles from a railway station.

(ii) Re. 1 per bale by way of cartage or the actual cartage incurred whichever is lower if the place is in the interior i.e. 10 miles or less from a railway station but more than two miles therefrom.

(iii) In respect of cottonseed, such cartage charges as may be fixed by the Board one month before the commencement of the delivery period.

(b) Railway freight from the railway station near the mofussil centre where delivery is given to Indore or Ujjain, as the case may be.

(c) 1/2 per cent. of the cost of goods by way of commission to cover expenses for drawing samples in Mofussil etc.

(d) 1/8 per cent. or such other rate as may be fixed by the Board from time to time, on account of transit insurance

(e) Rs. 2-8-0 per bale in respect of cotton and Rs. 3/8/- per mani in respect of cottonseed or such other sum as may be fixed by the Board from time to time, on account of charges involved in carrying cotton or cottonseed as the case may be from the Indore or the Ujjain railway station, as the case may be, to godown within the town.

(f) The last buyer on taking delivery in Mofussil shall give a certificate to the seller that the cotton is intended for re-sale or for export outside the State where he takes delivery, failing which he shall pay the first seller, sale or purchase tax, if any, payable by the seller in the State where mofussil delivery is taken.

SURVEY OF COTTON TENDERED AGAINST HEDGE CONTRACTS

138. Arbitration regarding quality and appeals therefrom in respect of tenders of cotton against Hedge Contract shall be held in accordance with Bye-laws 139 to 148.

139. **Appointment of SURVEY PANEL.**—(1) Every year the Board shall, with the prior approval of the Forward Markets Commission, constitute two panels of 10 surveyors each one for each Ring and an Appeal Committee consisting of seven surveyors at Indore. Each of the surveyors shall have a sound and practical knowledge of cotton its quality, class, staple etc. Each of the surveyors shall sign a declaration to the effect that he shall perform the duties of surveyor without fear or favour and to the best of his ability, knowledge and judgement and that he shall be subject to the disciplinary jurisdiction of the Board and the Forward Markets Commission. Any casual vacancy on the panel shall be filled by the Board with the approval of the Forward Markets Commission. Each of the panels shall continue until a new panel is constituted.

(2) **Disciplinary action against Surveyors.**—The Board shall have the authority to take disciplinary action against any surveyor, including the power to suspend or remove any surveyor, provided that the power to remove any surveyor shall not be exercisable by the Board except with the prior sanction of the Forward Markets Commission. The Forward Markets Commission shall also have the power to remove any surveyor on its own initiative.

140. **Procedure to be followed by the office of Local Committee.**—All samples received for survey at each Ring including those arising from the disputes between member and a non-member shall be serially numbered and their particulars entered daily in a register maintained for the purpose. All samples received at the Ring for survey on any day shall be sent to the surveyors for survey on the next working day in the Survey Room.

141. (a) At or about 10 A.M. on each day on which surveys are to be held, the Assistant Secretary at the respective Ring shall form, by drawing lots in the presence of the Chairman or such other member or members of the Local Committee as the Local Committee may decide from time to time, the daily panel of three surveyors out of the full panel of surveyors for the Ring, who will act as surveyors for that day. Intimations will be sent to the surveyors concerned immediately thereafter. If any of the surveyors selected for holding surveys for the day are not available, the Assistant Secretary shall select in their place other members of the full panel of surveyors, again by drawing lots.

(b) The Secretary shall form two panels of three surveyors each from the Appeal Committee in the manner and at the time prescribed in clause (a) hereof for forming the panel of surveyors for survey. The lot shall be drawn in the presence of President or any Director or Directors as decided by the Board from time to time.

(c) While drawing lots for the purpose of forming the daily panel for any day either for survey or for appeal the Assistant Secretary or the Secretary shall exclude the names of the surveyors who held the surveys, on the previous day in respect of tenders against the hedge contract for the same delivery. If any surveyor is a purchaser or a seller in respect of the sample to be surveyed on the day, his name also shall be excluded while drawing lots for the purpose of forming the daily panel for the day.

(d) The awards of the surveyors shall be by majority.

(e) The names of the surveyors forming the daily panel for any particular day shall be kept secret till the end of the day.

142. On each day on which surveys are to be held the Assistant Secretary will give fresh serial numbers to the samples to be surveyed. The Assistant Secretary shall keep secret the serial numbers of the samples in the register of the Association corresponding to the fresh serial numbers given by him. No other particulars regarding a sample shall be furnished to the surveyors at the time of survey, except the fresh serial number of the sample given by the Assistant Secretary, which shall be entered on the survey card attached to each sample. If the buyer claims "full allowance" or if the seller claims "mutual allowance", the Assistant Secretary concerned or the Secretary as the case may be shall however so inform the surveyors concerned.

143. **Survey Hours.**—All surveys and appeals if any, shall be held from 12-00 Noon till 4-00 P.M., in the survey room of the Ring. The surveyors shall not as far as possible leave the survey room till either all surveys and appeals entrusted to them are held and the reports signed or if all the surveys or appeals are not completed till 4 P.M., then till the survey or appeal reports in respect of all surveys or appeals held till 4 P.M. are signed and award given.

144. The Assistant Secretary in charge of the Ring shall place the award of the surveyors on the Notice Board and shall also send intimations about the award to the parties concerned as soon as possible.

145. **"On" and "Off" allowances in arbitration.**—All arbitrations and appeals regarding quality of cotton under Bye-laws 139 to 148 shall be subject to "mutual allowances". An "On" allowance for class shall not exceed the difference fixed under Bye-laws 59 between the standard tendered against and two classes immediately above it and an "on" allowance for staple shall not exceed the maximum allowance fixed for staple tenderable against the description tendered, under the said Bye-law.

146. **Appeals.**—An appeal shall lie from the award of the daily panel of Surveyors provided such appeal is lodged with the Secretary before 12-30 P.M. on the next working day following the arbitration except in the case of an arbitration held on a sample in respect of mofussil deliveries in which case the appeal shall be lodged with the Secretary before 12-30 P.M. on the third day following the arbitration. Such appeal from an award made in an arbitration under Bye-law 143 shall lie to a panel of three Surveyors of the Appeal Committee appointed under Bye-law 139 and it shall not be withdrawn without the consent of the other party. The Secretary shall send to the panel the sample for survey together with the sealed sample, if any, in the same manner as the Assistant Secretary is required to send the same to the daily panel of surveyors. Every decision of panel of the Appeal Committee shall, in the event they are not unanimous, be by majority vote. The award given unanimously or by majority of the panel shall be in writing and shall be forwarded to the Secretary who shall as soon as may be thereafter communicate such decision to the parties.

147. **Procedure of Appeals:**—The award of the daily panel of Surveyors where no appeal is preferred and the unanimous or majority award of a panel of the Appeal Committee shall be final and binding on the parties.

In appeals on quality no person shall disclose to any surveyor or surveyors—

- (a) whether the applicant for arbitration or the appellant, as the case may be, is the buyer or seller,
- (b) the names of the parties,
- (c) the marks on the bales of cotton submitted to arbitration or appeal or any other individual by which the name of the parties may be known to the Surveyors, or any of them.

The Secretary shall place the award of the panel of the Appeal Committee on the Notice Board and shall also intimate the parties concerned accordingly.

148. **Survey Fee.**—(1) Until otherwise notified by the Board, the survey fees in respect of cotton shall be Rs. 9/- per sample to be borne by the parties to the dispute equally. The survey fees shall be paid in advance into the office of the Local Committee. The Local Committee shall pay out of the survey fees Rs. 2/- to each of the surveyors concerned.

(2) **Appeal Fee.**—Appeal fees on disputes in regard to quality of cotton shall be Rs. 12/- per sample payable equally in advance by the disputants of this, the Secretary shall pay Rs. 3/- to each of the surveyors concerned.

**SURVEY OF COTTON TENDERED AGAINST DELIVERY CONTRACTS AND
OF COTTONSEED TENDERED AGAINST HEDGE AND DELIVERY
CONTRACTS**

149. Appointment of Surveyors.—(a) The Board shall every year appoint 10 persons to act as surveyors and forward the names of such surveyors to the Forward Markets Commission. The Forward Markets Commission may if it so desires, add not more than 5 persons to act as surveyors and intimate the Association of their names within 15 days of the receipt of the list of persons appointed by the Board to act as surveyors.

(b) If the Forward Markets Commission sends a list of persons as stated in sub-clause (a), hereof, the surveyors for the year shall be persons appointed by the Board and the persons added to by the Forward Markets Commission.

(c) If no such intimation is received by the Association from the Forward Markets Commission within the said period of 15 days the persons appointed as surveyors by the Board shall be the surveyors for the year.

(d) Persons to be appointed as surveyors shall be members, partners, directors, managers, or authorised representatives of members.

(e) The panel of surveyors so appointed shall continue until a new panel is appointed.

150. Claims arising out of contracts to be referred to Survey.—All claims, differences or disputes, arising out of contracts in cottonseed regarding refraction, quality etc. and out of delivery or ready contracts in cotton regarding quality, staple and class etc. whether admitted or not shall be referred to two surveyors who shall have no interest, direct or indirect whatever in the goods under survey. No person who is not on the panel of surveyors appointed under Bye-law 149 shall be appointed as a surveyor under this Bye-law.

151. Period for appointing surveyors by parties.—After the buyer (or seller) appoints his surveyors, he shall give notice to the seller (or buyer) to appoint his surveyor, and if the seller (or buyer) fails to appoint his surveyor within 5 days from the receipt of such notice, the buyer (or seller) shall inform the Local Committee and thereupon the Chairman of the concerned Local Committee shall appoint a surveyor on behalf of the party in default. The decision of such two surveyors shall be considered as final and both the parties shall be bound to act accordingly.

152. Surveyors to give decision within 3 days.—The surveyors shall have to give their decisions within 3 days from the date of the appointment for the second surveyor on the date of receipt of the sample at the office of the Local Committee whichever is later. In case any difference arises between the surveyors, they shall appoint an Umpire if agreed to by them, but if they disagree for appointment of the Umpire they shall appoint by drawing lot one out of the remaining surveyors who shall have no interest direct or indirect whatever, in the goods under survey. Every surveyor should suggest one name for appointment as an Umpire and a lot shall be drawn as aforesaid from such two names. The Umpire shall give his decision independently within 2 days from the receipt of intimation of survey and his decision shall be final and binding upon the parties to the dispute.

153. Survey fee to be paid in advance.—The letters of appointment of surveyors and/or Umpire shall be sent by the parties to the office of the Local Committee together with their acceptance of their appointments and the survey fees shall be paid in advance. The Office of the Local Committee shall inform the surveyors and/or the Umpire accordingly.

154. Replacement of a Surveyor.—If any surveyor or Umpire after his agreeing to act as surveyor refuses to act as surveyor, a new surveyor shall be appointed by the Chairman of the Local Committee within 3 days from the receipt of his refusal in writing.

155. The surveyors shall survey within three days from the receipt of intimation to survey. If one or both of them fail to do so, the matter will be placed by the Assistant Secretary of the Local Committee before the Chairman of the Local Committee who shall have authority to do needful in the matter. He shall also have power to appoint, if he thinks necessary, another surveyor or surveyors for such survey as the case may be.

156. Sample drawn be sealed:—The samples shall be drawn in the presence of both surveyors or their representatives in the manner prescribed in the Bye-law 113. The samples shall be sealed and signed by the seller and the buyer or their representatives and sent to the office of the Local Committee within the period prescribed in the said Bye-law.

157. Delay in Survey report be referred to Local Committee:—If the seller or the buyer has not received the survey report within 10 days from the date of the appointment of the surveyors then he shall send a written application to the office of the Local Committee for the delay regarding the report. The Local Committee shall consider the explanations submitted by the parties and the surveyors and make proper enquiries in the matter and if the Local Committee think that the survey work has wrongly been delayed they shall direct the surveyors or the umpire to finish the survey work immediately, or may give any other directions as they think proper.

158. Local Committee empowered to issue instructions to Surveyors.—The Local Committee shall have the power to make and issue such instructions from time to time as they deem fit for regulating survey work. All the persons on the list of the surveyors shall be bound to adopt and act in accordance with the said instructions. If any surveyor acts against any such instructions, the Local Committee may report the matter to the Board which shall have the power to remove his name from the list of the surveyors' panel and appoint another surveyor in his place.

159. Scale of Survey fee.—Survey Fee:—

(a) *Cotton.*—As provided in Bye-law 148.

(b) *Cottonseed.*—Each party shall pay Rs. 5/- per sample in advance to the Local Committee as survey fee of which the Local Committee shall retain Rs. 4/- and pay the balance of Rs. 3/- to each surveyor. If the matter is referred to an Umpire, the Local Committee shall retain Rs. 4/- out of the total sum of Rs. 10/- received from both the parties as survey fees, and shall, out of the balance of Rs. 6/- pay Rs. 2/- to each surveyor and Rs. 2/- to the Umpire.

(c) In case the same person is appointed as sole surveyor by the buyer and seller, each of them shall pay Rs. 4/- to the Local Committee out of which the Local Committee shall retain Rs. 4/- and pay Rs. 4/- to such sole surveyor.

160. Board's Powers to increase or decrease survey fee.—The Board shall have power to increase or decrease the survey fees.

PAYMENT AGAINST GOODS TENDERED AGAINST HEDGE CONTRACTS

161. Payment for actual weight:—The last buyer shall pay for the goods tendered against Hedge Contracts at the rate at which the delivery order was issued from the clearing House subject to the provisions for the actual weight and allowances if any, permitted in the arbitration.

162. Deposit in Clearing House.—(a) The buyer shall deposit into the Clearing House an amount equivalent to 10 per cent of the value of the goods immediately after he is declared, as the last Buyer. The Board shall have power to call for further deposits whenever they deem necessary, from time to time.

(b) The last buyer shall pay the balance to the first seller immediately after the weighment of the goods, if no demand for arbitration is filed. In case of arbitration and/or appeal, such payment shall be made after the final award is given.

163. The Clearing House shall pay to the first seller the amount deposited with it only after the buyer intimates to the Clearing House that the weighed over goods are in order or in case of disputes after the final award is given whichever is earlier in date.

164. Payment by Cheques.—The buyer in lieu of cash may tender to the seller a cheque certified by one of the following Banks in Indore or Ujjain as according to the place where the relevant contract is or is deemed to have been entered into but the option to make payment by such cheque shall not release the buyer from fulfilling his liability, if for any reason whatever, the seller is unable to obtain payment of such cheque.

State Bank of India, United Commercial Bank Ltd., Punjab National Bank Ltd., Bank of Jaipur Ltd., Central Bank of India., Bank of Indore Ltd., Bank of Bikaner Ltd.:

Provided that the Board shall have power from time to time to delete from or add the name of any Bank to the above list.

164A. Adjustment of differences on cotton weighed over.—If within seven days in case of local delivery or within a fortnight in the case of Mofussil Delivery after the final approval of cotton in respect of which a delivery order has been passed on by the Clearing House the Clearing House has received no intimation from either the first seller or the last buyer of the non-weighment of the relative goods the Clearing House shall conclude that the goods have been weighed over and paid for and shall include the delivery order in a list of delivery orders to be published by the Clearing House for the collection of differences.

In the event of the original seller notifying to the Clearing House within the above mentioned period that the goods are not weighed over, the Clearing House shall forthwith publish on the Notice Board of the Association the fact of such non-weighment mentioning the names of the first seller, the last buyer, all the intermediate parties concerned in the delivery order and the number of delivery order not so weighed over. It shall be obligatory on the original seller to take all necessary steps laid down in Bye-law 122 so as ultimately to effect the resale of the goods within 15 days after the final approval thereof and on his failure so to act within that period no responsibility for those goods shall thereafter attach to the intermediate parties.

165. Interest to be paid in case of delay in payment.—If the buyer delays or causes to delay the payment, he shall also pay interest at 6 per cent per annum on the amount due for the delayed period. If the payment is withheld wrongly, the board or the Local Committee may direct the buyer to pay to the seller such penalty as they deem fit on an application made by the party concerned.

PROCEDURE TO BE FOLLOWED IN CASE OF REJECTION OF TENDERS AGAINST HEDGE CONTRACTS

166. Cotton not a fair tender.—(1) Cotton tendered against a Hedge Contract will be considered not a fair tender if it is declared not of the description sold, or if it does not conform to Bye-law 57 or if it is found to be fraudulently packed, in each of which cases the cotton shall be deemed to be rejected and the buyer shall invoice it back at the spot rate of the day following that on which the final award is given or in case of arbitration other than those relating to quality at such rate as may be fixed by the arbitrators or umpire and in case of appeal by the Appellate Tribunal. Such a tender shall also be liable to such penalty not exceeding Rs. 10/- per bale as may be fixed and imposed by the Board, provided that in any such case no penalty exceeding Rs. 10/- per bale shall be fixed and imposed by the Board except with the approval of 75 per cent of the Directors present at its meeting.

(2) In an arbitration on quality the award if the cotton is awarded 'off' shall state the full allowance both for grade and staple or quality (as opposed to allowance merely justifying rejection) and the length of staple.

(3) Whenever used in this Bye-law the expression final award means the award in arbitration if there is no appeal, or the award on appeal if there is an appeal.

As soon as practicable after the latest hour fixed for the lodging of appeals under Bye-law 146 the Secretary shall cause to be posted on the notice board a list of all appeals received and this list shall be deemed to be sufficient notice to the opposite party of the lodging of the appeal.

167. If by the final award the cottonseed tendered against a Hedge Contract is declared not a fair tender the last buyer shall have an option of either to invoice back or buy back cottonseed at the risk and cost of the first seller or accept the cottonseed with the allowance.

(a) If the last buyer chooses to invoice back the goods, the seller, on receipt of such intimation from the last buyer pay subject to the Bye-law 164, the last buyer the difference between the rate in the delivery order, and the spot rate of the day following that of rejection or of the award of the surveyor or umpire whichever is later in date. The seller shall also pay the last buyer a penalty of Rs. 2/- per mani.

- (b) If he chooses to buy back cottonseed he shall do so in the open market at a reasonable rate on the day following the date of rejection of tender if no arbitration is preferred and if arbitration is held, it shall be the day following the final award is given.

NOTE.—For the purpose of this Bye-law final award is that of the surveyors if the dispute is not referred to an Umpire and if it is referred to an Umpire, the award of the Umpire shall be the final award.

- (c) If the last buyer chooses to take the cottonseed with allowances in the final award, he shall also be paid by the first seller a penalty of Rs. 2/- per mani.

The last buyer shall intimate to the first seller his choice within 12 hours of the award. If the last buyer fails to intimate, the last buyer shall be deemed to have chosen to invoice back the cottonseed.

168. Notwithstanding that the seller fails to tender or notwithstanding that the buyer may under the Bye-laws become entitled to reject goods tendered by the seller against the contract, the buyer shall, when invoicing back or buying on account, pay to or receive from the seller at the next settlement the differences which by reason of the fixing of rates under the Bye-laws, or a fall in the market prices arise in terms of the definition in the Bye-laws of invoicing back or buying on account as the case may be.

ARBITRATION AND APPEALS

169. **Appointment of arbitrators.**—All claims, differences and disputes, whether admitted or not (other than the disputes covered by other Bye-laws, such as Clearing Bye-laws, Survey Bye-laws etc.) arising out of or in relation to all contracts whether between members, or sub-members, or between a member and a sub-member or between a member or sub-member and a non-member made subject to the Bye-laws or relating to the construction or interpretation of any contract or any Bye-law (including these Bye-laws relating to arbitration) shall be referred to a panel of Arbitrators appointed as hereunder provided.

170. In respect of all claims, differences and disputes required to be referred to arbitration under these Bye-laws the Board shall appoint every year at one of its meetings after the new Board has taken office under the Articles two Arbitration Committees as under:—

(a) **Powers of Forward Markets Commission to appoint Arbitrators.**—(i) The Board shall draw up a list of 8 persons who shall be members, partners, directors, managers or authorised representatives of members, and who shall not be Directors of the Board.

(ii) Such list shall be forwarded to the Forward Markets Commission. The Forward Markets Commission may, if it so desires, add up to 2 names of persons who shall be members, partners, directors, managers or authorised representatives of members and who shall not be Directors of the Board, and forward it to the Association within fifteen days of the receipt of the list from the Association.

(iii) If no names are received by the Board within the said period of fifteen days from the Forward Markets Commission, the list prepared by the Board shall be deemed to be final.

(b) After the said period of fifteen days has expired, the Board shall appoint 2 panels of Arbitrators, each consisting of 4 members from out of the list prepared by them and the names, if any, suggested by the Forward Markets Commission.

(c) The Board shall appoint on each such panel one Director of the Board, who shall act as the Chairman of the Committee of the Arbitrators.

(d) In case the Chairman of the Arbitration Committee so appointed is unable to attend any Arbitration matter, the members of the Arbitration Committee shall elect one of themselves to be the Chairman for that matter.

171. **Arbitration Committees to work in rotation.**—Each of the said two Arbitration Committees shall work in rotation for one month each. If any matter which has been heard by a particular Arbitration Committee is not fully heard and/or disposed of before the end of such month, the said Arbitration Committee shall continue to hear and decide the matter even after the period of their rotation is over.

172. **Quorum of Arbitrators.**—(1) The Minimum number of Arbitrators of any such Committee who shall form a quorum and who shall be deemed to be duly appointed Arbitrators and shall hear and decide the dispute shall be three.

(2) The Arbitration Committee shall decide disputes by a majority of votes. In case of equality of votes the Chairman of the Committee will have a casting vote.

(3) If at any time, it is found that a quorum of an Arbitration Committee cannot be formed, the President may appoint on that Arbitration Committee such number of persons either members or Directors as may be necessary from the other Arbitration Committee, to make up the quorum for the purpose of hearing and deciding any or all disputes pending before the Committee. The persons so appointed shall act as the additional members of that Arbitration Committee for the disposal of such disputes.

173. Appeals.—Whenever an appeal is preferred, the Board shall appoint an Appellate Tribunal for deciding such appeal consisting of one Vice-President and four other Directors none of whom was a member of the Arbitration Committee in that particular matter which had given the award against which such appeal is preferred. The members of the Appellate Tribunal shall elect one of themselves to be the Chairman of the Tribunal. If for any reason the Vice-President is unable to take part in any Appellate Tribunal, any other eligible Director shall be appointed as a member of the Appellate Tribunal in place of the Vice-President. The minimum number of members of the Appellate Tribunal who shall form a quorum and who shall be deemed to be duly appointed Appellate Tribunal for the matter, and who shall hear and decide the appeal, shall be three.

174. Procedure after application for arbitration.—On an application for arbitration or a reference being made by a party to the dispute to the Association or the Local Committee, the Secretary of the Association or the Local Committee shall after the same to the Arbitration Committee functioning at the date of such application or reference and give notice to the other party to the dispute. If a member of the Arbitration Committee or a member of the Appellate Tribunal is directly or indirectly interested in the transaction or the subject matter of the reference in any manner whatsoever such member shall be disqualified to act as an Arbitrator or as a member of the Appellate Tribunal. If more than two members of a particular Arbitration Committee are disqualified in such manner, the reference shall be sent to the Arbitration Committee next in rotation for disposal.

175. Arbitration award.—The Arbitration Committee shall make their award within fifteen days of their first meeting, but the President shall have power, upon an application in writing by the Arbitration Committee acting in the matter to extend such period as may be deemed necessary by him from time to time.

NOTE.—An award shall be deemed to have been made on the date when the Arbitration Committee or the Appellate Tribunal shall have first recorded their decision in writing.

176. The Arbitration Committee and the Appellate Tribunal shall act by majority and the award or decision of the majority shall prevail. In case of equality of votes, the Chairman of the Arbitration Committee or the Appellate Tribunal as the case may be shall have a casting vote.

177. Arbitration or Tribunal awards binding.—The parties to the reference shall abide by and forthwith carry into effect the award of the Arbitration Committee, or the Appellate Tribunal, as the case may be, which shall be binding upon the parties and their representatives notwithstanding the death of any party before or after the making of the award and such death shall not operate as the revocation of any reference.

178. Member of Arbitration Committee or Appellate Tribunal will not take part if he has interest in dispute.—A Director or a Member who is a member of the Arbitration Committee or of the Appellate Tribunal, as the case may be, shall not as a member of the Arbitration Committee or of the Appellate Tribunal attend any meeting of the Arbitration Committee or of the Appellate Tribunal at which an inquiry into the reference is made or at which an appeal is heard in which he is directly or indirectly interested.

A party, if he so desires may inform the Association that any particular Director should not be a member of the Appellate Tribunal on the ground that such Director is an interested party. The Board shall consider such objection and if it is satisfied, it shall not appoint such Director as a member of the Appellate Tribunal. The decision of the Board shall be final and binding on all parties.

179. None of the members of the Arbitration Committee or of the Appellate Tribunal, as the case may be, who shall not have been present at every meeting at which inquiry into the reference was made or appeal was heard shall participate in giving the final decision.

180. It shall be no objection to an award of the Arbitration Committee or of the Appellate Tribunal that the meeting at which a reference was inquired into or an appeal was heard was adjourned from time to time or that the inquiry was not completed or that the appeal was not finally heard at one meeting.

181. **Appointment of assessor.**—If in the opinion of the Arbitration Committee a reference raises difficult or doubtful question of law, a request may be made to the Board or the President for the appointment of an assessor and thereupon the Board or the President may appoint counsel or advocate or attorney or any other suitable lawyer to act as such assessor on such remuneration as is deemed proper. An assessor may similarly be appointed when an appeal is being heard by the Appellate Tribunal. The remuneration of such assessor shall be paid by the parties to the reference as directed in the award. If so desired the assessor shall be present throughout the further hearing of the reference and shall tender advice—on all matters of law, evidence, practice or procedure and Arbitration Committee or the Appellate Tribunal, as the case may be, shall be at liberty to accept or reject such advice.

182. During a hearing a party to the reference may with the permission of the Arbitration Committee or the Appellate Tribunal appear by counsel, attorney, advocate, or a duly authorised adviser or representative. Where one party is so permitted similar privilege shall be afforded to the other party, if he so desires.

183. **Notice to parties.**—On receipt of an application for arbitration, the Secretary shall forward the notice or notices to both the parties and also send a copy of the statement of the case to the other party to the dispute. The other party shall within the time prescribed by these Bye-laws forward to the Association and the other side a detailed reply or defence statement to the application.

184. The Secretary shall give notice to the parties of the date fixed for the first hearing and obtain an acknowledgement or receipt. In the case of moffusil parties the notice should be sent by Registered Post from Ujjain or Indore as the case may be and the postal receipt so obtained shall constitute a notice of service.

185. **Proceedings of Arbitration.**—In conducting the arbitration proceedings, the Arbitration Committee should:—

- (a) take into consideration the time within which they are required to make their ward;
- (b) take into consideration the time necessary to enable both parties to attend the hearing, if they so desire;
- (c) when the time allowed appears insufficient, Arbitration Committee should apply for an extension to the President;
- (d) send a rough copy of the award to the Secretary who will have it typed on stamped paper and send back to the Arbitrator for signature. The award should be returned after signatures to the Secretary who will countersign it and send it to the parties (retaining the draft for record), and will collect the fees if not paid till then; and
- (e) send all documents relating to the arbitration except such as the parties are allowed to retain, with the award for record by the Secretary.

186. **Imposition of penalty in case parties fail to abide the orders and instructions.**—If in spite of the intimation of time for hearing the dispute being given, any member or sub-member or non-member who is a party to the dispute fails to remain present in time or fails to send his representative with the necessary papers or account books, the Arbitration Committee or the Appellate Tribunal may impose a penalty on such member or sub-member to the extent of Rs. 50 and shall give him one more opportunity to carry out their orders. However, even after the imposition of the penalty if any such member or sub-member does not remain present or fails to produce the papers or account books called for, then the Arbitration Committee, or Appellate Tribunal shall submit a report to the Board in that behalf and the Board shall have power to suspend or order such a member or sub-member out of the Trading Ring or to expel him as member or sub-member and the Board shall take necessary steps to enforce such punishment.

187. **Notice to non-member to produce evidence.**—If a non-member is called upon to give evidence or produce papers or account books and if he does not carry out the said order, or pay his dues, his name may be placed by the Board on the Notice Board and members shall not transact business with him, directly or indirectly.

188. Arbitration Committee to continue proceedings.—The Arbitration Committee or Appellate Tribunal may proceed with the reference notwithstanding any failure to file a reply or written statement within due time and may also proceed with the reference in the absence or any or all the parties who being entitled to appeal fail, neglect, or refuse to attend at the appointed time or place. Before proceeding with the hearing the Arbitration Committee, or Appellate Tribunal shall satisfy themselves that the notice of hearing was duly posted or despatched or published in time to both the parties in the manner provided in the Bye-laws.

189. The Arbitration Committee or Appellate Tribunal may adjourn the hearing from time to time upon the application of any party or at their own instance.

190. Production of books and documents.—The parties to the reference and any witness on their behalf shall at the appointed times:

- (i) submit to be examined by the Arbitration Committee or Appellate Tribunal on oath or affirmation in relation to the matter in dispute;
- (ii) produce before the Arbitration Committee, or Appellate Tribunal all books, deeds, papers, accounts, writings, and documents in their possession or power which may be required or called for; and
- (iii) generally do all other necessary things which during the pendency of the reference the Arbitration Committee or the Appellate Tribunal may require or direct.

191. Admission of Evidence.—The Arbitration Committee or Appellate Tribunal may:—

- (i) retain or return any or all of the books, documents or papers produced in any proceeding and may direct at any time that the books, documents or papers produced be returned to the parties or any of them on such terms and conditions as may in the absolute discretion of the Arbitration Committee or Appellate Tribunal be deemed proper;
- (ii) administer oath or affirmation to the parties or witnesses appearing and giving evidence;
- (iii) admits such evidence only as may in the absolute discretion of the Arbitration Committee, or Appellate Tribunal be deemed proper, necessary and/or relevant;
- (iv) administer to any party to the reference such interrogatories as may in the opinion of the Arbitration Committee or Appellate Tribunal be necessary;
- (v) make an interim award or awards;
- (vi) make any award conditional or in the alternative;

or

- (vii) correct in an award any clerical mistake or error arising from any accidental slip or omission.

192. Recovery of fees of counsel from parties.—The Arbitration Committee or Appellate Tribunal may with the permission of the Board or the President at any time or times before making the final award consult and obtain the advice of counsel, attorney or advocate upon any question of law, evidence, practice or procedure arising in the course of the reference. The remuneration of such counsel, attorney or advocate shall be paid in advance by the parties to the reference and it shall be borne by them in the proportion stated in the award. At any time during the hearing the parties may be called upon to deposit such amount as may be directed by the Arbitration Committee or by the Appellate Tribunal to cover such costs.

193. Fees of Arbitration or Appeal.—The fees for arbitration and the charges for submitting and regulating the proceedings of the same shall be such as are prescribed below or such other fees and charges as the Board may from time to time prescribe in modification thereof or substitution therefor. All fees and charges shall be payable in advance and when there is failure, neglect or refusal on the part of a party or parties to pay accordingly the other party shall be responsible for making such payment in advance without prejudice however to his right, if any, to recover the same from such party or parties failing, neglecting or refusing to pay. It shall be condition precedent to the hearing of any reference or appeal that the prescribed fees and charges shall have been paid in advance to the Association by the party or parties to the reference. The Secretary shall collect all such fees and charges and pay such fees as is payable to the Arbitrators or the members of the Appellate Tribunal prescribed in these Bye-laws; provided always that no larger sum shall be paid to the Arbitrators and the members of Appellate Tribunal than actually collected.

194. Discretion to fix charges.—The costs of reference and award including costs, charges, fees, stamp charges and other expenses shall be in the discretion of the Arbitration Committee or Appellate Tribunal who may decide and direct in the award, to and by whom, in what manner and in what proportion, such costs, charges, fees and other expenses or any part thereof shall be borne and paid by the parties and may tax and settle the amount to be so paid or any part thereof. Failing any direction in the award the costs, charges, fees and other expenses shall be borne by the parties incurring the same. A party refusing to carry out an award shall pay the costs between attorney and client in connection with the filing of the award in the Court.

195. The Arbitration Committee, or Appellate Tribunal shall at the request of any party to the arbitration or any person claiming under such party or if so directed by the Court and upon payment of the fees and charges due in respect of the reference and award and of the costs and charges of filing the award, cause the award or a signed copy of it together with any depositions and documents which may have been taken and proved before the Arbitration Committee or Appellate Tribunal to be filed in Court.

196. None except staff shall be present to assist arbitration.—Unless the Board or the President specifically permits no person other than the member of the staff of the Association shall be present to assist the Arbitration Committee or Appellate Tribunal in a ministerial or any other capacity during the hearing or determination of a reference under the provisions of the Bye-laws.

197. Secretary or Assistant Secretary to assist Arbitration or appeal.—The Secretary or the Assistant Secretary or any other employee or employees of the Association acting under his authority shall:—

- (i) receive applications for arbitration reference and communications addressed by the parties before or during the course of arbitration or otherwise in relation thereto;
- (ii) receive payment of all costs, charges, fees and other expenses;
- (iii) give the necessary notices and communicate to the parties the orders, directions, decisions and awards of the Arbitration Committee and Appellate Tribunal;
- (iv) take charge of all documents and papers relating to the reference except such as the parties are allowed to retain;
- (v) maintain a register of reference;

and

- (vi) generally do all such things and take all such steps as may be necessary to assist the Arbitration Committee and Appellate Tribunal in the execution of their functions.

198. Time for filing appeal.—The award of the Arbitration Committee shall be final and binding on the parties to the reference and persons claiming under any of them, subject however to the right of appeal to the Board within ten days from the publication of the award.

199. The party desiring to appeal shall within the prescribed time, submit an application in writing to the Secretary stating his objections and grounds of appeal in detail to the award of the Arbitration Committee and shall pay the prescribed fee for the appeal to the Association. The office of the Association shall give notice of the appeal to the other party (respondent) and furnish him with a copy of the grounds of appeal.

200. Dealing with appeals.—On an application for an appeal being filed with the Association within the prescribed time, the Secretary shall refer the said application to the Appellate Tribunal provided in Bye-law 173. The award or decision of such Appellate Tribunal shall be final and binding upon both the parties. The award or decision of the Appellate Tribunal shall be given within 15 days from the date on which the appeal is filed. The Board shall have the power to extend time for the Appellate Tribunal to decide the appeal as it deems expedient in its absolute discretion.

201. If in any case an award given under the provisions of these Bye-laws is set aside by the Court the matter shall be again referred to arbitration under these Bye-laws and the claims, differences and disputes shall be decided by such arbitration only unless the Court directs that the arbitration agreement shall cease to have effect with respect to the differences referred.

202. In the event of election of Directors being held and any member of the Arbitration Committee or of the Appellate Tribunal being not re-elected a Director, the Arbitration Committee or the Appellate Tribunal shall continue to act, decide and give award on all matters referred to them and pending before such Arbitration Committee or the Appellate Tribunal, as the case may be, at the time, and the award or decision of such Arbitration Committee or the Appellate Tribunal shall be binding on all parties to such matters.

203. **Dismissal of appeal.**—If a party (appellant) to a reference who was appealed against any award to the Board be not present at the time fixed for hearing the appeal, without assigning a reason sufficient in the opinion of the Appellate Tribunal the Appellate Tribunal may dismiss the appeal summarily.

204. **Ex-parte decision.**—If a party (respondent) to a reference in whose favour an award has been made be not present at the time fixed for hearing of the appeal against such award by the Appellate Tribunal without assigning a reason sufficient in the opinion of the Appellate Tribunal the Appellate Tribunal may proceed to hear and decide the appeal *ex-parte*.

205. **Referring back appeal to Arbitration Committee.**—On sufficient cause being shown the Appellate Tribunal may set aside an *ex-parte* award made by the Arbitration Committee and in any such case the Appellate Tribunal may direct that the reference be again enquired into or heard and decided by Arbitration Committee or may decide it itself.

206. The Appellate Tribunal in its discretion may remit the award or any matter referred to the Arbitration Committee upon such terms as it thinks fit and thereupon the Arbitration Committee shall reconsider the matter and either confirm or revise the previous decision.

207. **Tribunal may hear arbitrators.**—The Appellate Tribunal may hear the arbitration or call for a written statement from the arbitrators.

208. **Award shall be of majority.**—After making the award the Arbitrators, members of the Appellate Tribunal or where the award is not unanimous, the majority concurring in the award shall sign such award and a notice shall be given to the parties of the making and signing thereof.

209. **No suit against Arbitrators etc.**—No party shall bring or prosecute any suit or proceeding whatever against the Association, the Board, the President, the Secretary or any employee or employees of the Association acting under his authority, or against the Arbitration Committee, Appellate Tribunal or any member or members thereof for or in respect of any matter or thing done or purporting to be done under these Bye-laws.

210. **Scale of fees.**—The following fees shall be payable for arbitration and appeals:—

- (a) Rs. 20 for arbitration per sitting.
- (b) Rs. 50 for an appeal, to the Appellate Tribunal per sitting.
- (c) Half of such fees shall be payable to the members of the Arbitration Committee or the Appellate Tribunal, as the case may be, acting in a matter.
- (d) In all cases half the fees shall be credited to the Association.

211. In these Bye-laws wherever the word 'Arbitrators' is used, it shall mean and include the members of the Arbitration Committee wherever the context admits of such meaning.

SUSPENSION OF PAYMENT, INSOLVENCY AND LIABILITY OF MEMBERS

212. **Liability of a member to meet his liabilities.**—Any member who finds himself unable to meet at maturity his obligations to any other member or members or to the Association whether arising in relation to cotton and/or cottonseed transactions or otherwise under these Bye-laws, shall during office hours immediately give notice of the fact of such inability by means of a letter signed by him and addressed to the Secretary or the Assistant Secretary of the Ring concerned who shall promptly cause it to be posted for five days on the Association's Notice Board with the date of posting subjoined. The notice thus posted shall be considered due and sufficient notice to all the members of the facts therein stated and shall as from the date of posting of the notice, operate as a closing of all outstanding contracts, agreements and obligations of the member signing it whose rights against and liabilities to all other members under and obligations shall be determined and settled in

accordance with these Bye-laws; and no transfer or settlement of any contract for the future receipt or delivery of cotton and/or cottonseed to which the said member is a party shall be made or accepted by any other member after the said notice has been posted except as provided in these Bye-laws, and all such contracts, agreements and obligations shall be liquidated and settled at prices and on terms to be fixed in accordance with the provisions of Bye-law 219.

213. Investigation of bonafides.—Any member, having a claim against or a contract with a member who has given notice of his inability to meet his obligations as hereinbefore provided, may demand an investigation by the Local Committee or the Board of the affairs of the said member who has given such notice, and if the Board on investigation by itself or on the report of the Local Committee is satisfied that the said member is unable to meet all his obligations at maturity he shall be debarred by the Board from the privileges of settlement under the provisions of Bye-law 219 and the decision of the Board signed by the President posted on the Notice Board with the date of posting subjoined shall be conclusive of the result of the investigation and sufficient notice thereof as from the date of posting to all concerned.

213A. Penalty on failure to pay differences.—Any member who fails for any reason to pay any difference or any other sum due under these Bye-laws as and when due shall be treated as having failed to meet at maturity his liabilities to another member or other members or to the Association. If he fails to give notice under Bye-law 214 and the other Bye-laws in that behalf.

214. Investigation by Board.—If it be reported to the Board that any member of the Association has failed to meet his obligations under these Bye-laws, the Board shall at once investigate or cause to be investigated into the matter and if they are satisfied that the member has not fulfilled his obligations, they shall declare such member as a defaulter and shall cause notice thereof to be posted on the Notice Board and the posting of such notice shall have the same effect as the posting of a notice under Bye-law 212.

215. If it be reported to the Board by the Local Committee that any member has failed to meet at maturity his obligations the Board may, on being satisfied that the failure has been proved, cause notice thereof signed by the President with the date of posting subjoined, to be posted on the Notice Board, and the posting of such notice shall have the same effect as the posting of the notice under Bye-law 212.

216. When a member is posted defaulter under Bye-law 212, 214 or 215 or if a member neglects to communicate the fact of his inability to meet his obligations at maturity to the Local Committee or the Board, or if a member suspends payment, or if by proceedings instituted by or against him his affairs shall be brought within the bankruptcy or insolvency or liquidation jurisdiction of any Court in India, he shall be suspended from all rights of membership of the Association except the privileges of arbitration in respect of claims arising from contracts entered into before the occurrence of any of these events, and he shall, if required, within a reasonable time after such event furnish the Board with a correct statement of his affairs signed by him.

217. Reinstatement.—Any member who having been unable to meet his obligations at maturity, has subsequently made an honourable settlement with his creditors may apply to the Board for reinstatement through the respective Local Committee and his application shall thereupon be dealt with as the Board may decide. The Board may reinstate such members by imposing such terms and conditions as it may in its absolute discretion deem fit.

218. Compromise to be reported.—Where there has been compromise between members of any such obligations as aforesaid each of them shall in the course of the next two working days report the compromise to the Board. If a member omits to do so, he shall be liable to be dealt with under the provisions of the Bye-laws 231 to 243 inclusive. Anything short of a cash settlement shall be held to be compromise for purposes of this Bye-law.

219. Procedure on failure of members.—(a) In case of the failure, suspension of payment or insolvency of a member who has made a tender, or to whom a tender has been made, the following procedure shall be followed:—

- (i) If the member who has failed, suspended payment or become insolvent, is an intermediate party on a delivery order, his name shall be struck off the delivery order and the seller of the goods to, and the buyer of the goods from, the said member shall be deemed to have made as at that date a contract between themselves for the sale and purchase of the goods in question by the one to or from the other at

the rate mentioned in the delivery order. These parties shall immediately notify to the Clearing House the amount payable by them to or recoverable by them from the intermediate defaulting parties as differences between the rates mentioned in their instruction Forms and the rates in the delivery orders.

- (ii) If the last buyer shall fail, suspend payment or become insolvent the immediate seller of the goods to him shall buy the goods in question from him at the rate fixed by the Board and take in all respects the position and responsibilities of the last buyer in relation to the goods in question as they may exist at the day of the failure, suspension of payment or insolvency. The posting of a member as a defaulter and the declaration by the Clearing House of his immediate seller as the last buyer shall be deemed to be a sufficient notice to such a last buyer that he to take delivery of goods in question. It shall not be permissible for such a last buyer to plead original seller's omission to give notice to him to take delivery of the goods as a defence for not taking its delivery in accordance with the Bye-laws.
- (iii) If the first seller shall fail, suspend payment or become insolvent his immediate buyer shall become the first seller, and shall buy back the goods in question from the last buyer at a price which shall be fixed by the Board. The immediate buyer of the goods from the original first seller shall thereupon invoice it back to the original first seller by these and other relevant values and considerations, of the relevance and importance of which they shall be the sole judges.

(b) *Other contracts.*—If the contract is other than a Hedge Contract the Board may fix the rate or appoint two arbitrators, ready and willing to act, with power to them to appoint an umpire ready and willing to act, all of whom shall be members or their authorised representatives to fix terms of closure of the contract subject to a right of appeal to the Board before noon of the third day following the date of award in the arbitration.

220. If after the maturity of any contract to which a member is a party one of the parties to the contract gives notice under Bye-law 212 or suspends payment, or is posted a defaulter under Bye-law 214 or 215 or dies without leaving executors or others able and willing forthwith to take over his liability under the contract (which party to such contract is referred to as the defaulting party) the contract shall and if he becomes insane or otherwise incapable of managing his affairs may thereupon be closed as at the date of the happening of the contingencies herein before mentioned (or in case of arbitration as on the day following the final award in arbitration) in manner provided in Bye-law 219.

EMERGENCY CORNERS OR RAIDS

221. **Conditions for Emergency.**—If on any day the rates of Hedge Contract for cotton rise by more than Rs. 10 per bale or fall by more than Rs. 10 per bale, and/or the rates of Hedge Contracts for cottonseeds rise by more than Rs. 3 per mani or fall by more than Rs. 3 per mani over or below the respective last settlement rate, then an emergency shall be deemed to exist and an automatic Settlement Clearing shall take place on the second working day thereafter on the basis of the closing rate on the day on which the emergency shall be deemed to have existed. The relevant Bye-laws relating to normal Settlement Clearings shall apply to such Settlement Clearing.

223. (1) If, on any day at the close of business in the Trading Ring, the price of the Hedge Contract for cotton shall have risen above Rs. 25 per bale below the ceiling price, which price of Rs. 25 per bale below the ceiling price, is, in this clause referred to as the marginal line the Chairman or the President shall forthwith cause a notice to that effect to be posted on the Notice Board and every member shall on the day following deliver to the Clearing House a statement showing his outstanding purchases as on the day of the notice and shall pay into the Clearing House a deposit calculated at Rs. 35 per bale on the number of bales shown in such statement. After the posting of such notice every member shall daily deliver to the Clearing House a statement showing his purchases on the preceding day and shall pay into the Clearing House a deposit calculated at Rs. 35 per bale on the number of bales shown in such statement as having been purchased above the marginal line. If in any such statement a purchase is shown as having been effected below the marginal line and if at the close of business in the Trading Ring on any day the price of the Hedge Contract shall have risen above the marginal line then on the first occasion on which that happens the member concerned shall pay into the Clearing House

a deposit calculated at Rs. 35 per bale on the number of bales contained in such purchase. Notwithstanding anything to the contrary contained in this Bye-law no deposit shall be paid in respect of purchases effected by a member to cover a short position.

(2) If on any day at the close of business in the Trading Ring, the price of the Hedge Contract for cotton shall have fallen below Rs. 25 per bale above the floor price (which price of Rs. 25 per bale above the floor price is, in this clause, referred to as the marginal line), the Chairman or the President shall forthwith cause a notice to that effect to be posted on the Notice Board and every member shall on the day following deliver to the Clearing House a statement showing his outstanding sales as on the day of the notice and shall pay into the Clearing House a deposit calculated at Rs. 35 per bale on the number of bales shown in such statement as having been sold below the marginal line. If in any such statement a sale is shown as having been effected above the marginal line and if at the close of business in the Trading Ring on any day the price of the Hedge Contract shall have fallen below the marginal line then on the first occasion on which that happens the member concerned shall pay into the Clearing House a deposit calculated at Rs. 35 per bale on the number of bales contained in such sale. Notwithstanding anything to the contrary contained in this Bye-law no deposit shall be paid in respect of sales effected by a member to liquidate a long position.

(3) The Local Committee or the Board shall have power to prescribe the form and contents of any statement to be submitted under this Bye-law and to amend the same from time to time.

(4) The Local Committee or the Board shall also have the power to require any member to produce by himself or his clerk any books or documents in his possession, power of control in any way relating to any transaction shown or alleged to have been omitted from any such statement.

(5) No deposits paid under this Bye-law shall be repayable until the day following the last day of the delivery month of the contract, unless a member shall have squared up his position, in which case it shall be repaid to him after the second clearing—subsequent to the date of the squaring up of his position. Such deposit shall not carry any interest.

224. Rates may be altered by Forward Markets Commission.—The marginal line and the rates at which deposits shall be calculated for payment into the Clearing House, may be altered by the Forward Markets Commission from time to time by notice to the President if the Forward Markets Commission is of the opinion that it is expedient in the interest of the trade so to do, and where any such notice has been given to the President, the provisions of this Bye-law shall have effect from the date of such notice as if the altered figures had been specified in this Bye-law.

225. Closing markets and/or rooms in emergencies.—In the event of emergency, of which the Board shall be the sole judges, they may at their discretion by a resolution passed by them and concurred in by the Forward Markets Commission and thereafter posted on the Notice Board, close the markets and/or the rooms on any day or days other than those mentioned in Bye-law 37. In the exercise of their power under this Bye-law the Board shall not close the markets and/or rooms for more than three consecutive days. Forthwith upon giving notice of the closing of the markets the Board shall by advertisement in one of the Hindi daily papers published at Indore and by posting a notice on the Notice Board convene a General Meeting of members or their authorised representatives to be held on the last day on which the markets and/or rooms are so closed for the purpose of determining whether the markets and/or rooms shall be further closed and if so for what length of time if within twenty minutes from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the following day at an hour to be fixed by the person presiding and if at such adjourned-meeting no quorum is present within 20 minutes of the time appointed those members or their authorised representatives who are present shall be a quorum and may transact the business for which the meeting was called.

Any day or days on which the markets and/or the rooms are closed on the happening of an emergency as aforesaid (and not on the occasion of a holiday or of a half holiday duly notified under Bye-law 37) shall not affect the running of time under contracts nor the time in which notice for appeal or rejection must be given under these Bye-laws and the day or days on which the markets and/or the rooms are so closed shall not be counted in the time allowed for arbitration.

226. The Forward Markets Commission may, in any case where in its opinion an emergency exists, and the Board has not taken any action contemplated (by this clause), under Bye-law 225 direct the closure of the market for period not exceeding three consecutive days; and may, if the Forward Markets Commission is of the opinion that it is necessary so to do, direct the extension of closure for such further period not exceeding three days at a time as the Commission may think fit, so however that the total period of closure shall not exceed fifteen days.

227. (1) If in the opinion of the Board an emergency has arisen or exists or is likely to occur the Board may by a resolution passed by itself at a meeting specially convened in this behalf and concurred in by the Forward Markets Commission or

(i) passed by a majority of not less than seventy-five per cent. of the Directors present (a fraction being counted as an integer), the number of Directors present being not less than 10, and

(ii) confirmed by a resolution passed by a majority of not less than seventy-five per cent. of the members or their authorised representatives present (a fraction being counted an integer) at an extraordinary General Meeting of the members or their authorised representatives convened in this behalf, prohibit in the case of a Resolution passed by the Board and concurred in by the Forward Markets Commission, as from such date as the Board may fix, and in any other case as from the date of such confirmation or from such later date as may be fixed by the Board in the Resolution referred to in sub-clause (i).

(a) trading in Hedge Contract either in cotton or in cottonseed or in both for any delivery or deliveries and/or trading in any delivery contracts for the sale or purchase of cotton or cottonseed of any description or class at the rate or rates above a maximum and/or below a minimum as may be fixed by the Board under clause (2) below, or

(b) all trading in such contracts as are referred to in sub-clause (a) above for a specified period or until further notice as may be determined by the Board by a resolution passed under clause (2) below.

(2) *Board authorised to fix maximum and minimum rates for trading under emergency.*—The Board may from time to time by a resolution passed by itself and concurred in by the Forward Markets Commission or by a resolution passed by a majority of not less than seventy-five per cent. of the Directors present (a fraction being counted as an integer), the number of Directors present being not less than 10, determine, extend or reduce the period during which a prohibition imposed under sub-clause (a) or (b) or clause (1) hereof shall be in force. The Board may also by a resolution passed by a simple majority and concurred in by the Forward Markets Commission fix the maximum or minimum of rate or rates for the purpose of trading under sub-clause (a) of clause (1) and may from time to time, by a resolution passed by a simple majority and concurred in by the Forward Markets Commission vary the maximum or minimum of rate or rates so fixed.

(3) *Forward Markets Commission empowered to fix maximum and minimum rates for trading.*—The powers specified in sub-clause (a) and (b) of clause (1) and clause (2) may be exercised by the Forward Markets Commission in any case where in the opinion of the Commission an emergency has arisen, exists or is likely to occur and on such action as is contemplated by sub-clauses (a) and (b) or clause (1) has been taken by the Board.

228. *Fixation of Special Settlement day.*—If the Board at a meeting specially convened in this behalf resolve that a state of emergency exists or is likely to occur as shall in the opinion of the Board make free trading in any Hedge Contract for any delivery or deliveries extremely difficult, the Board shall so inform the Forward Markets Commission, and upon the Forward Markets Commission intimating to the Board its agreement with such resolution, then notwithstanding anything to the contrary contained in these Bye-laws or in any Hedge Contract made subject to these Bye-laws, the following provisions shall take effect:—

(1) The Board shall by a resolution passed at a meeting specially convened in this behalf and concurred in by the Forward Markets Commission,

(a) fix a date for the purpose hereinafter contained;

(b) fix settlement price or prices for Hedge Contract or Contracts for specified delivery or deliveries;

(c) fix a special settlement day.

(2) Every Hedge Contract for any delivery or deliveries for which settlement price has been fixed under sub-clause (1)(b) entered into between a member and a member or between a member and a sub-member or a non-member outstanding on the date fixed under clause (1)(a) above shall be deemed closed out at the rate or rates appropriate to such contract or contracts fixed under clause (1)(b).

(3) *Differences to be paid through Clearing House.*—All differences arising out of every such contract between members shall be paid through the Clearing House on the Settlement Day fixed under clause (1)(c) of this Bye-law and the Clearing House Byc-laws shall apply accordingly.

(4) All differences arising out of every such contracts between a member and a sub-member or a non-member shall become immediately due and payable.

(5) *Margin to be refunded.*—In Hedge Contracts entered into between a member and a sub-member or a non-member, any margin received shall be adjusted and the whole or the balance thereof as the case may be, shall be immediately refundable.

229. (1) Whether or not prices at which cotton may be bought or sold are at any time controlled under the provision of the Essential Commodities Act, 1955, if the Forward Markets Commission is of the opinion that continuation of trading in any Hedge Contract for any delivery or deliveries is detrimental to the interest of the trade or the public interest, or to the larger interests of the economy of India and so notifies the President, then notwithstanding anything to the contrary contained in these Bye-laws or in any Hedge Contract made subject to these Bye-laws, the following provision shall take effect.

(2) Every Hedge Contract in cotton or cottonseed relating to the delivery or deliveries notified under clause (1) entered into between a member and a member or between a member and a sub-member or a non-member then outstanding, shall be deemed closed out at such rate, appropriate to such contract, and with effect from such date, as shall be fixed by the Forward Markets Commission and the provisions of clauses (3), (4) and (5) of Bye-law 228 shall apply as if they formed part of this Bye-law.

230. (1) If the Board shall receive a declaration signed by at least 50 members or their authorised representatives entitled to attend and vote at a General Meeting, that

(a) a squeeze or corner, or

(b) a bear raid

exists, in any of or both the rings, in respect of cotton or cottonseed or in both the commodities, the Board shall consider the same at its meeting convened for the purpose within three working days next after the receipt of such declaration for the purpose of deciding whether such emergency as was declared, exists. Whether or not any such declaration shall have been received, it shall be competent for the Board on their own initiative to consider at any time whether any such emergency exists. In either case, a resolution that such an emergency exists shall not be deemed to have been passed by the Board unless it is passed by a majority of not less than $\frac{2}{3}$ (a fraction being counted on an integer) of the Directors present and voting at such meeting and unless at least 10 Directors shall have voted in favour of the resolution. No such resolution, however, shall have any effect until the same shall have been communicated to the Forward Markets Commission shall have intimated to the Board its agreement with such resolution.

(II) Notwithstanding anything contained in Clause I above, if the Secretary shall receive a declaration signed by at least 75 members or their authorised representatives entitled to attend and vote at a general meeting declaring that

(a) squeeze or corner, or

(b) a bear raid

exists in any Ring or both the Rings in respect of cotton or cottonseed or both the commodities, the President shall cause a ballot of the members or their authorised representatives entitled to attend and vote at a General Meeting to be taken on such declaration within three working days from the date of receipt of such requisitions by the Secretary. The President shall fix the time, place and manner in which such ballot shall be taken. A resolution for declaration of such emergency shall not be deemed to have been passed unless at least 100 members or their authorised representatives of members entitled to attend and vote at a General Meeting shall have balloted on the resolution and unless

at least two-thirds of the votes recorded are in favour of the resolution. No such resolution declaring that such an emergency exists shall however have any effect unless the same shall have been forwarded by the Board along with their view thereon to the Forward Markets Commission and the Forward Markets Commission shall have intimated its agreement with such resolution.

(III) If a resolution is passed as aforesaid declaring that such an emergency exists and the Forward Markets Commission intimates its agreement with the same as aforesaid, the Board shall thereupon from day to day until such emergency, in the ring or rings as mentioned in the above resolution, is deemed at an end in manner hereinafter provided, and in place of every other authority otherwise competent to do so, fix spot rates and 'on' and 'off' allowances for staples of all cottons in case the emergency is resolved to be in respect of cotton and/or fix spot rates and 'on' and 'off' allowances, if any, for all tenderable descriptions of cottonseed in case the emergency is resolved to be in respect of cottonseed, and in so fixing the spot rates shall take into account.

- (a) the prices at which different tenderable descriptions of cotton and/or cottonseed are sold in Ujjain and Indore spot market, and
- (b) the spot prices of cotton and/or cottonseed in the mofussil markets specified as places tenderable under Bye-law 58 or 63, as the case may be.

(IV) If the resolution of the Board under Clause (I) hereof or the resolution passed under Clause (II) hereof declares that a squeeze or corner exists and the Forward Markets Commission intimates its agreement to the same as aforesaid, then, until such emergency shall be deemed at an end in manner hereinafter provided, the provisions of Bye-laws 59 or 64 as the case may be and of Bye-law 166 or 167 as the case may be in so far as it relates to penalty on rejection and of Bye-laws 111 in so far as it relates to penalty for failure to tender, shall stand suspended, and provisions of Bye-law 223 shall apply, and the deposit payable thereunder shall become immediately payable.

(V) If the resolution of the Board under Clause (I) hereof or the resolution passed under Clause (II) hereof declares that a bear raid exists and the Forward Markets Commission intimates its agreement to the same as aforesaid, then, until such emergency shall be deemed at an end in manner hereinafter provided,

- (a) the provisions of Bye-law 59 or 64 as the case may be shall stand suspended.
- (b) A weightage of 12½% shall be imposed in respect of the tendering differences fixed by the Board under this Bye-law for tenders against Hedge Contract of goods other than the basis of the Hedge Contract.
- (c) The penalty for rejection under Bye-law 166 or 167 as the case may be shall be increased to Rs. 15 per bale in case of cotton and Rs. 3 per mani in case of cottonseed.
- (d) The penalty for failure to tender under Bye-law 111 shall be increased to Rs. 15 per bale in case of cotton and Rs. 3 per mani in case of cottonseed.
- (e) The provisions of Bye-law 223 shall apply and the deposit payable thereunder shall become immediately payable.

(VI) If on the working day preceding a tender day the Board pursuant to clause (III) hereof, shall have fixed spot rates and tendering differences in case of cotton and cottonseed shall, in respect of all tenders against the Hedge Contract made on such tender day, be those of such preceding working day.

If tendering differences in case of cotton and cottonseed have not, owing to any emergency under this Bye-law been fixed pursuant to Bye-law 59 or 64, as the case may be, and such emergency is deemed at an end in manner hereinafter provided during the currency of a delivery month, the Board shall have power to fix tendering differences for cotton and cottonseed for all tenders subsequent to the said declaration and during the remainder of such delivery month.

A resolution of the Board under clause (I) hereof or the resolution declaring an emergency passed under clause (III) hereof agreed to by the Forward Markets Commission as aforesaid shall be deemed to have come to an end as follows:—

- (a) If the resolution declaring the emergency shall have been passed during a non-delivery period, on the Board passing by a simple majority at least seven days after the date on which the emergency came into

force, a resolution declaring such emergency to be at an end on the Commission intimating its agreement to the same.

- (b) If the resolution declaring the emergency shall have been passed during a delivery period, or if the resolution shall have been passed during a non-delivery period and shall not have come to an end under sub-clause (a) hereof on the first Tender Day, then the emergency shall continue to be operative throughout the delivery period and shall come to an end automatically on the due date of the delivery period.

EXPULSION, SUSPENSION AND FINES

231. Expulsion, Suspension and Fines.—Every member and sub-member shall be bound to promote to the best of his ability, the objects and interests of this Association and to abide by the resolutions of the Association or of the Board and shall observe all the rules, regulations and Bye-laws in force from time to time. Any member or sub-member shall be liable to expulsion, suspension and/or to payment of a fine for any of the following acts or omissions:—

- (a) *Refusal to abide by awards.*—For neglecting or refusing to submit to, abide by and carry out any award or decision or order of any arbitrators or surveyors or umpire, Local Committee or any Committee or of the Board, made in conformity with these Bye-laws or the Articles.
- (b) *Unbecoming conduct.*—For acting in any manner detrimental to the interests of the Association or unbecoming a member or sub-member.
- (c) *Misconduct.*—For any misconduct in his dealings with or relations with the Association or any member or sub-member thereof or for any disreputable or fraudulent transaction with any person whether a member or not of which complaint is made to the Board by one or more members or sub-members.
- (d) *Violating Bye-laws, Orders, etc.*—For knowingly violating, disobeying or disregarding any Bye-law of the Association or any enactment, order, ordinance or notification issued by the State or the Central Government in respect of trading in Cotton and/or cottonseed or any notice issued by the Board in that regard or the provisions of the Forward Contracts (Regulations) Act, 1952 and the rules made thereunder and any direction issued by the Forward Market Commission.
- (e) *Publication of misstatements.*—For knowingly publishing or permitting to be published in any newspapers, circulars or otherwise any misrepresentation relating to the cotton and/or cottonseed trade calculated to mislead the members and/or the public.
- (f) *Refuse to comply with requests.*—For not complying with any notice or request made to him by or on behalf of the Board requiring him to attend at any meeting of the Board or Local Committee or of any committee appointed by the Board or to produce any books, documents, correspondence or other papers in his possession; power or control; or for refusing or neglecting to answer any question put to him by any member of the Board or Local Committee or of any Committee appointed by the Board, as the case may be, relevant to any business at any such meeting.
- (g) *Non-payment of differences.*—For failure to pay differences or any amount due under these Bye-laws and/or arbitration or appeal fees when due or for non-payment of any fine imposed on him pursuant to these Bye-laws, or for failure to pay any other amount due by him under these Bye-laws or under any order of the Board or the Local Committee within ten days after the same shall become payable.
- (h) *Reckless conduct of business.*—For having brought about his failure to meet his obligations at maturity by conducting his business in a reckless and/or business like manner involving another member or other members in financial loss.
- (i) *Misconduct in dealings with allied Associations, etc.*—For any misconduct in the sense of sub-sections referred to in Bye-law 232 in his dealings with or relations with the association or any of its member or sub-member or any other Association or Corporation or public body with which the association shall have entered into an arrangement or undertaking for the purpose of safeguarding the cotton and/or cottonseed trade or of upholding contracts or protecting those interested therein.

232. The following shall be deemed to be misconduct within the meaning of these Bye-laws:—

- (a) wilful or intentional non-fulfilment of contract or fraudulent or flagrant breach of contract;
- (b) frivolous repudiation of contract;
- (c) refusal to refer any question in dispute to arbitration under these Bye-laws or under any sub-mission or contract or agreement to arbitrate thereunder;
- (d) refusal or neglect to abide by and carry out any award whether in arbitration or on appeal;
- (e) any conduct whether by act or omission in relation to any arrangement or undertaking between the Association and any Association or Corporation or Public body above mentioned tending to obstruct or defeat such arrangement or undertaking or the object thereof.
- (f) affording directly or indirectly any information, prohibited by these Bye-law or by any rule or regulation made thereunder or by any order of the Board or the Local Committee made in conformity therewith, to any surveyor, arbitrator or Umpire, or a Panel of surveyors, or Appeal Committee or Appellate Tribunal;
- (g) generally any conduct towards the Association or as between members of the Association which is subversive of these Bye-laws or any of them or is subversive of the objects and purposes or implied by the Memorandum and Articles of Association.

233. **Inquiry into allegations of misconduct.**—Whenever the President or the Board shall consider either by reason of complaint made to them in writing by one or more members or the Local Committee or by reason of any knowledge or information acquired by the President that there is a sufficient reason for inquiring as to whether there has been any fault or omission on the part of a member or sub-member rendering him liable to expulsion, suspension and/or payment of a fine the President or the Board, as the case may be, at a time therein stated, being not less than 48 hours from the date of service of notice. Such member or sub-member may by this or another written notice of 48 hours be required to produce by himself or his representative to the President or the Board, as the case may be, any books, documents or correspondence in his possession, power or control or that of his firm or company. Any member or sub-member served with notice as aforesaid shall submit to be examined by the President or the Board, as the case may be, in relation to his conduct or that of his firm or company or the conduct of any member or sub-member and shall, if required by the President or the Board, as the case may, make a sworn declaration of the truth of any statement made by him. A firm which is a member shall appear by one of its partners or an authorised representative and a company by one of its Directors or by one of its Managers or by its authorised representative.

234. **Notice of Meeting to pass resolution.**—Before passing any resolution for expulsion, suspension and/or fining of any member, the Board shall give him not less than 5 days (including non-working days) notice in writing stating that the Board proposes to consider the passing of a resolution for the expulsion, suspension, and/or fining of such member or sub-member and requiring him to attend a meeting of the Board called for that purpose at which he may by the said notice also be required to produce for the inspection of the Board any books, documents, correspondence, or papers in the possession, power or control of himself, his firm or company. It shall not be necessary in such notice to particularly specify the alleged act or omission in respect of which it is proposed to consider the resolution, or to give other than such short general information in the notice, as the Board may think fit.

235. **Adjournment of Inquiries.**—The President or the Board, as the case may be, may from time to time adjourn any meeting at which any member or sub-member shall be required to attend by a notice given under these Bye-laws and may require such member or sub-member to attend at any adjourned meeting and to produce for the inspection of the President or the Board, as the case may be, at such adjourned meeting any books, documents, correspondence or papers in the possession, power or control of himself, his firm or his company. It shall be no objection to the resolution for the expulsion, suspension and/or fining of a member or sub-member passed at an adjourned meeting of the Board that all or any of those present at any former meeting or meetings were not present at any adjourned meeting.

236. Board will hear member before expulsion, suspension or fining.—The Board shall hear the member or sub-member with regard to whom it is proposed to pass any resolution for expulsion, suspension and/or imposition of a fine under these Bye-Laws and hear the evidence or statement of himself or any witnesses present on his behalf at any such meeting, original or adjourned fixed by the Board who shall have power and discretion as to the time and place when and where they will hear such evidence or statements before passing such resolution.

237. Call for evidences.—The Board may by not less than 21 hours' notice in writing to any member or sub-member require him to attend and give evidence or make statements and/or produce any books, documents, correspondence or papers in his possession, power or control or that of his firm or company at any meeting at which any resolution for the expulsion, suspension and/or fining of any other member or sub-member is proposed to be considered.

238. Passing resolution for expulsion or suspension.—Whenever two thirds of the members of the Board present and at least seven directors voting for expulsion at any meeting of the Board shall be of opinion that a member or sub-member has become liable to expulsion, the Board may by a resolution passed at such meeting expel such member or sub-member permanently from all rights of membership or sub-membership except the right to go to arbitration or Survey in respect of matters prior to such expulsion. Such resolution shall be final and binding. The Board shall not be called upon to give any explanation or reasons therefor.

239. Fining a Member or Sub-member.—Whenever a majority of the members of the Board present and voting at any meeting of the Board shall be of opinion that a member or sub-member has become liable to suspension and/or payment of a fine the Board may by resolution passed by a majority of their members present and voting at such meeting, may suspend him for any term not exceeding six calendar months from all rights of membership or sub-membership except the right to go to arbitration or survey or from such rights of membership or sub-membership including the right to act as an arbitrator or surveyor as the Board may by a resolution passed as aforesaid prescribe, or the Board may in lieu of or in addition to suspension impose upon such member a fine not exceeding Rs. 1000/- in the case of a member and Rs. 250/- in the case of a sub-member. Such resolution shall be final and binding and the Board shall not be called upon to give any explanation or reasons therefor.

240. Gradation of penalties.—Whenever the Board are authorised by these Bye-laws to inflict a fine they shall be entitled to administer a severe reprimand or a warning to a member or sub-member instead of or in addition to a fine. A severe reprimand shall be deemed to be a lesser penalty than a fine and a fine of any amount lesser than suspension.

241. Notice of fine, reprimand or warning.—Whenever the Board reprimand or warn or fine a member or sub-member they may if they think fit post a notice thereof on the Notice Board.

242. Deprivations and obligations during suspension.—A suspended member or sub-member shall during the period of suspension be deprived of and excluded from all the rights and privileges of membership or sub-membership except in respect of contracts outstanding at the time of his suspension which he shall be bound to fulfil; and in regard to which he shall be subjected to all the obligations and have all the rights thereof these Bye-laws including the obligations or right to go to arbitration; and he shall be liable to pay all fines, calls, subscriptions and other monies due or becoming due from him during his suspension in the same manner as if he had not been suspended.

243. Consequences of expulsion.—A member or sub-member expelled by a resolution of the Board shall forfeit all the rights and privileges of membership or sub-membership including those conferred on him by these Bye-laws and he shall as from the date of the resolution cease to be a member or sub-member and his name shall be taken off the Register of members or sub-members but he shall continue to be liable for or to any other member or sub-member outstanding at the date of his expulsion and for these purposes shall have the right and be under obligation to go to arbitration under these Bye-laws.

COMMITTEE MEMBERS WHEN TO VACATE OFFICE

244 The office of a member of any committee or Sub-Committee appointed by the Board under these Bye-laws shall be vacated *ipso facto* —

- (a) If he or his firm become insolvent or suspends payment or compounds with his or their creditors or if his company goes into liquidation whether by resolution or order of the Court
- (b) If he is found to be lunatic or become of unsound mind or incapable of efficient attention to business
- (c) If he absents himself from the meeting of the committee or sub-committee continuously during a period of two calendar months or six consecutive meetings, whichever period is longer, without leave or absence from the Board
- (d) If he or his firm or company be suspended or expelled from membership of the Association
- (e) Upon his ceasing to be qualified for the office of membership of committee or sub-committee, if he ceases to be a member of the Association

GENERAL BYE-LAWS

245 The Board's decisions, ruling, construction of the Bye-laws (or any of them) etc in any matters shall be final and binding on all parties and shall not be questioned by anybody bound by the Bye-laws

246 The Bye laws in force for the time being shall govern the right and obligations in relation to all matters and contracts of the members at that time and they shall act accordingly and fulfil the same

247 The Board shall be entitled to appoint committees from members or from partners, managers and authorised representatives of members of the Association or from any other technical persons of repute from time to time and define their powers, duration etc The Board shall also have power to appoint various committees for carrying out the purposes specified in the Bye-laws

248 Terms of contract and forms of contract of cotton and cotton seeds shall be as provided in the relevant terms of contract and forms of contract in the Appendix which shall form part of the Bye-laws

249 Each member shall charge his constituent such brokerage and/or commission as the Board may fix from time to time The Board shall be entitled to make rules and regulations governing brokerage from time to time

250 The member shall be entitled to recover the amount of laga or cess from his constituents

251 The Board or a Committee appointed by them or a Local Committee shall be entitled to call for and inspect the Books of accounts of the members to ascertain whether full amount of laga has been paid and if it is found that he has not paid the laga at all or paid less than what is due under this Bye-law, he shall be liable to be dealt with under the Bye-laws.

252 **Indemnity to members by the Board.**—Every member of the Board shall be indemnified out of the funds in the hands of the Board, for the purposes of or in relation to the Clearing House against all costs, expenses, losses or claims which the Board or any member of the Board may incur or become liable for by reason of any act or thing done or omitted by any servant or agent of the Board in or concerning the affairs of the Clearing House, provided such member was not himself a party to such act or omission

A member acting in any transaction on behalf of a party who is a member or sub member or non-member shall be deemed to be a commission agent and be taken to contract and be responsible as a principal

No constituent shall be entitled to enquire into the transaction between the principal and any other person with whom for the purposes of his constituent's business, the principal contracts, there shall be no privity of contract between any such other person and the constituent, and the principal shall be entitled to set off, or close down and buy or sell against such contract or otherwise deal therewith, as he thinks fit, without reference to the constituent who shall have no concern with such dealings

HEDGE SCHEDULE OF THE MALVI COTTON CONTRACT

Description	Place where cotton is pressed or grown	Tenderable down to	Tenderable up to
(1)	(2)	(3)	(4)
M. G. Jarilla Tenderable varieties being Jarilla and Malvi.	All places in the States of Madhya Bharat, Bhopal, Madhya Pradesh and Rajasthan, except the district of Ganganagar.	23/32"	26/32"
M. G. Virnar (197/3) and M. G. 2 & 420 tenderable varieties being Virnar (197/3), Veerum and 2 & 420.	All places in the States of Madhya Bharat, Bhopal and Madhya Pradesh.	24/32"	27/32"
M. G. Cambodia & M. G. Upland.	All places in the States of Madhya Bharat, Bhopal and Madhya Pradesh.	24/32"	27/32"
M. G. Buri American Indore 1 Indore 2 Udaipur, American and Buri 0394.	All places in the States of Madhya Bharat and Madhya Pradesh.	26/32"	29/32"
M. G. Rajasthan American	All places in the State of Rajasthan except the Ganganagar district.	23/32"	26/32"

NOTE.—This Schedule may be changed by the Board from time to time with the consultation of the Forward Markets Commission.

No. _____

Form 1

FORM FOR FORWARD CONTRACTS

(Between principals only)

From _____

To Messrs _____

I/We have this day sold to you subject to the Bye-laws of the Central India Cotton Association Ltd., which contains amongst their other things provisions for settlement of disputes by arbitration.

_____ bales/manis of _____ cotton/cottonseed at Rs. _____ per bale/mani, delivered in* _____ in full pressed bales.

Delivery _____ at seller's option.

The quality to be _____

Special terms, if any, _____

This contract shall not be cancelled.

Remarks, if any _____

*If the place of delivery is not mentioned above, it shall be taken to be Indore/Ujjain.

Indore/Ujjain _____ 19 _____

Seller's Signature _____

No. _____

FORM FOR FORWARD CONTRACTS

Form 2

(Between principals only)

From _____

To Mr./Messrs. _____

I/We have this day bought from you subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other provisions for settlement of disputes by arbitration
 _____ bales/manis of _____
 cotton/cottonseed at Rs. _____ per bale/mani delivered in* _____
 _____ in full pressed bales.

Delivery _____ at Seller's option.

The quality to be _____.

Special terms if any _____.

This contract shall not be cancelled.

Remarks, if any _____.

*If the place of delivery is not mentioned above, it shall be taken to be Indore/Ujjain.

Indore/Ujjain _____ 19 .

Buyer's Signature _____

No. _____

Form 3

FORM FOR FORWARD CONTRACTS

Broker (s) _____

From _____

Commissioner Agent (*) _____

To Messrs. _____

I/We have this day sold by your order and for your account subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other things provisions for the settlement of disputes by arbitration.

To Messrs. _____

_____ bales/Manis of _____ cotton/cottonseed at
 Rs. _____ per bale/mani, delivered in* _____ in full pressed bales.

Delivery _____ at Seller's option.

The quality to be _____.

Special Terms, if any, _____.

Brokerage† _____

Commission. _____

This contract shall not be cancelled.

Remarks, if any _____.

* If the place of delivery is not filled above, it shall be taken to be Indore/Ujjain.

† If the particulars of brokerage or commission are not filled in above, the brokerage or commission payable shall be the usual or customary Brokerage or Commission, unless previously agreed to.

Indore/Ujjain _____ 19 .

Brokers (s) _____

Commission Agent (s) _____

Buyer's Signature _____

No. _____

Form 4

FORM FOR FORWARD CONTRACTS

From _____

BROKER (S) _____

COMMISSION AGENTS (s) _____

TO MESSRS _____

I/We have this day bought by your order and for your account subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other things provisions for the settlement of dispute by arbitration.

From Messrs. _____
 _____ bales/manis of _____ cotton/cottonseed at _____
 Rs. _____ per bale/mani, delivered *in _____ in full pressed bales
 Delivery _____ at Seller's option.
 The quality to be _____
 Special terms, if any _____
 Brokerage † _____

Commission _____

This contract shall not be cancelled.

Remarks, if any _____

* If the place of delivery is not filled in above, it shall be taken to be Indore/Ujjain.

† If the particulars of brokerage or commission are not filled in above the brokerage or commission payable shall be taken to be the usual or customary brokerage or commission, unless previously agreed to.

Indore/Ujjain _____ 19 .

Seller's Signature _____

Broker(s) _____

Commission Agent(s) _____

No. _____

Form 3/4

COUNTERFOIL OF FORM FOR FORWARD CONTRACTS

Bought/Sold, subject to the Bye-laws of the Central India Cotton Association Ltd., for account of _____

Seller _____

Buyer _____

Bales/Manis _____

Cotton/Cottonseed _____

Price Rs. _____ per bale/mani delivered in _____

in full pressed bales.

Delivery _____ at Seller's option.

Quality _____

Special terms, if any _____

Brokerage, if any, _____

This contract shall not be cancelled.

Remarks, if any, _____

Indore/Ujjain _____ 19

No. _____

CONTRACT NOTE

From 5.

From _____

To _____

Bought from you

I/We have this day _____ sold to you in Indore/Ujjain, subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other things provisions for settlement of disputes by arbitration _____

CONTRACT/MALVI COTTONSEED CONTRACT _____ bales/manis, MALVI COTTON delivery, at Rs. _____ net per bale of 392 lbs./mani of 6 maunds.

Indore/Ujjain _____ 19 .

Buyer's Signature _____
 Seller's _____

No. _____

CONTRACT NOTE

Form 5

From _____

To _____

I/We have this day _____ sold to you in Indore/Ujjain, subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other things provisions for settlement of disputes by arbitration _____ bales/manis, Malvi Cotton Contract/Malvi Cottonseed Contract _____ delivery at Rs. _____ net per bale of 392 lbs/manis of 6 maunds.

Indore/Ujjain _____ 19 .

Seller's Signature _____

No. _____

Form 6

BROKER'S NOTE

Confirmation of Contract No. _____

From _____

From _____

To _____

To _____

I/We have this day sold/bought for you in Indore/Ujjain to/from _____ subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other things provisions for the settlement of disputes by arbitration—bales/manis, Malvi Cotton Contract/Malvi Cottonseed Contract—delivery at _____ Rs. _____ net per bale of 392 lbs./mani of 6 maunds.

I/We confirm having bought/sold through you in Indore/Ujjain to/from _____ subject to the Bye-laws of the Central India Cotton Association Ltd., which contain amongst other things provisions for settlement of disputes by arbitration—bales/manis Malvi Cotton Contract/Malvi Cottonseed Contract—delivery at _____ Rs. _____ net per bale of 392 lbs./mani of 6 maunds.

Indore/Ujjain _____, 19 _____.

Indore/Ujjain _____19. _____

Broker's
SignatureBuyers

Signature
Seller's

Form 7

THE CENTRAL INDIA COTTON ASSOCIATION LTD.
CLEARING HOUSE

Settlement Date _____19

Messrs. _____

Please pay at the above Settlement :—

Rs. _____

(Amount in words) _____

(Signature) _____

Form 8

THE CENTRAL INDIA COTTON ASSOCIATION LTD.
CLEARING HOUSE

Settlement Date _____19

Messrs _____

Please claim at the above Settlement :—

Rs. _____

(Amount in words) _____

(Signature) _____

Form 9

THE CENTRAL INDIA COTTON ASSOCIATION LTD.,
CLEARING HOUSE

INSTRUCTION FORM

From _____ to the CLEARING HOUSE

To be signed by a Principal. The Clearing House is not responsible for errors.

Please act for us in the disposal of tenders against the following Contracts for _____ cotton/cottonseed—delivery at—

Signature _____

Date _____19

Clearing House D/o Number	Bought from }	Contract No.	Contract date	Settlement or purchase Price	Sold to	Contract No.	Contract Date
<hr/>							
<hr/>							
Settlement or Purchase rate	Clearing House D/O No. 1						
<hr/>							
<hr/>							

We are net ^{long} of ^{short} bales/manis.

N.B.—Each Contract entered above is for 25 bales/25 manis and the price must be invariably written in full against each entry.

Form 10

FORM OF CLIENT'S CONTRACT NOTE (HEDGE)

Acknowledgement of Contract Note.

I/We acknowledge receipt of your above contracts for cotton/cottonseed and confirm the sale/purchase through you dealing on your account.

*sale to/purchase from you

Date _____

Signature _____

*Whichever is not applicable must be struck out by the member before this is sent out to the client for his signature.

(ON REVERSE)

Summary of portions of relevant Central India Cotton Association Ltd., Bye-Laws :—

Every transaction either in cotton or cottonseed entered into between Members and every contract either in cotton or in cottonseed made subject to these Bye-laws or subject to CICA arbitration or containing words or abbreviations to a similar effect and every arbitration agreement to which these Bye-laws apply, shall be deemed in all respects to be subject to these Bye-laws and the parties to such transactions, contracts or agreements shall be deemed to have submitted to the jurisdiction of the Courts in Indore in so far as those contracts transactions or agreements are, or deemed to have been, entered into at the Indore Ring and of the Courts of Ujjain in so far as those transactions contracts or agreements are, or deemed to have been, entered into at Ujjain Ring for the purpose of giving effect to the provisions of these Bye-laws.

All unpaid claims, whether admitted or not, and all disputes (other than those relating to quality) arising out of or in relation to

(a) cotton or cottonseed transactions between members or

(b) contracts in cotton or cottonseed whether forward or ready and (whether between members or between a member and a sub-member or a non-member) made subject to these Bye-laws, or subject to CICA arbitration or containing words or abbreviations to a similar effect or

(c) the rights and/or responsibilities of commission agents and brokers not parties to such contracts or

(d) covered by any arbitration agreement, shall be referred to the arbitration by the daily panel of the Arbitration Committee and appeal thereagainst, if any, to a panel of the Appellate Tribunal.

All disputes as to quality shall be referred to arbitration in manner laid down in Bye-law.....

On failure to tender, the buyer has the rights given by Bye-law..... or in case of an emergency by Bye-law.....

Note :—As to the inferiority of cotton, attention is drawn to Bye-law.....

Form 11

Registered Number.....

THE CENTRAL INDIA COTTON ASSOCIATION LTD.,
CLEARING HOUSE.Settlement date _____
Ujjain/Indore _____195

Balance Sheet of Messrs.-----

Due to us

Due from us

	Rs. a. p.		Rs. a. p.
Dr. Balance paid into Bank.		Cr. Balance payable by	
		Clearing House.	
TOTAL RUPEES . . .		TOTAL RUPEES	

Vouchers for all claims in the above column must accompany this statement in order to avoid delay in payment of settlement.

Certified correct for purpose of settlement.

Signature-----

Form 12

THE CENTRAL INDIA COTTON ASSOCIATION, LTD.,
CLEARING HOUSE.

Pucca Delivery Order

Ujjain _____ 195
Indore _____First Seller-----Last Buyer*-----
Time for Arbitration expires on-----19

To

Please deliver to*-----
25 bales/25 manis of-----
as specified below, lying in-----
and take a receipt for the same.
Against Contract No.-----dated-----

Mark

Contract or last Settlement Price

Terms

Not more than $\frac{2 \text{ lbs. per } 25 \text{ bales}}{5 \text{ lbs. per } 25 \text{ manis}}$ allowed for sample.
The cotton is to be surveyed under the following standard:

(Signature)-----

N.B.—Last Buyer's name to be filled in by Clearing House. Each tender to be for 25 bales.

Note.—The tenderer shall specify in the Delivery Order the Press marks of the bales of cotton tendered, and certify that cotton/cottonseed had not been tendered previously and rejected during the current delivery period.

Form 13

THE CENTRAL INDIA COTTON ASSOCIATION LTD.

Official Client's Contract Note for Hedge Contract

Contract No. _____

Made in Indore/Ujjain this _____ day of _____

To

Mr./Messrs. _____

I/We have this day _____ bought/sold for
 _____ you in Indore/Ujjain subject to the Bye-laws of the
 _____ bought from/sold to

Central India Cotton Association Ltd. in force from time to time, which contain among others things provision for settlement of disputes by arbitration, and subject also to my/our usual charge and terms of business mentioned below, full pressed bales/Manis of _____ to _____ cotton/cottonseed for delivery in Indore/Ujjain from _____ net per bales of 392 lbs. at seller's option at Rs. _____

mani of 493 6/7 lbs.

TERMS

1. Delivery against cash.
2. Weight of 25 bales and weight and number of 25 bales
 _____ to be dealt with under
 Weight of 25 manis (6 maunds) and weight and number of 25 manis
 Bye-laws. ;
3. I/We am/are not responsible for any errors or delay in transmission of telegrams.
4. You shall pay to me/us all amounts due in respect of periodical settlements according to the Bye-laws of the Association. You shall, as and when required, deposit with me/us within 24 hours, a margin of Rs. _____ per bale/mani till the completion of the contract and if you fail to do so I/We shall be at liberty to close your transactions under the term 7 hereof.
5. This contract shall be taken as having been made between Principal and Principal.
6. Cotton/cottonseed for tender against forward sales, or failing cotton/cottonseed, sufficient money to enable me/us to purchase suitable cotton/cottonseed for tender must be provided by you and my/our hands at least five working days before the last date on which cotton/cotton seed is tenderable or, in case of open purchases sufficient money to enable me/us to take delivery of the cotton/cottonseed when tendered must be provided by you and in my/our hands at least three working days before the first day of the delivery month.
7. If you fail to comply with any of the aforesaid terms and conditions or to return to me/us duly signed the attached confirmation note within three days from the receipt hereof, I/We shall be at liberty to close the contract at the market rate at your risk and on your account without consulting you.

Signature _____

In pursuance of the proviso to sub-section (4) of section 11 of the Forward Contracts (Regulation) Act 1952, (74 of 1952), the Central Government in the interest of the trade dispenses with the condition of previous publication of the bye-laws aforesaid in the Gazette of India and the Gazette of the Madhya Bharat Government.

K. B. LALL, Joint Secy.

